

2nd Sep. - 5th Sep.

pp. 4,858 - 4997

with Sir Paul Butler
Secretary.

6 SEPTEMBER 1946

I N D E X

Of

WITNESSES

(none)

I N D E X

Of

EXHIBITS

<u>Pros.</u> <u>No.</u>	<u>Def.</u> <u>No.</u>	<u>Description</u>	<u>For</u> <u>Ident.</u>	<u>In</u> <u>Evidence</u>
436		Book entitled "Organic Law of Manchoukuo"		5013
436-A		Excerpts therefrom		5013
437		Book entitled "Manchoukuo Government Bulletin of 1 March 1934		5015
437-A		Excerpts therefrom		5015
438		Excerpts from "Agreement on the Creation of the Man- churia Development Company		5018
439		Charter of the Organization of the South Manchurian Railway Company		5021
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441		Book entitled "Fourth Report on Progress in Manchuria to 1934"		5036
441-A		Excerpts therefrom		5036

I N D E X

of

EXHIBITS

(cont'd.)

<u>Pros.</u> <u>No.</u>	<u>Def.</u> <u>No.</u>	<u>Description</u>	<u>For</u> <u>Ident.</u>	<u>In</u> <u>Evidence</u>
442		"Economic Construction Program of Manchoukuo		5038
443		Book entitled "Manchoukuo Government Bulletin from January to March 1935		5042
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1 Friday, 6 September, 1946

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3
4 INTERNATIONAL MILITARY TRIBUNAL
5 FOR THE FAR EAST
6 Court House of the Tribunal
7 War Ministry Building
8 Tokyo, Japan

9 The Tribunal met, pursuant to adjournment,
10 at 0930.

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12
13 Appearances:

14 For the Tribunal, same as before.

15 For the Prosecution Section, same as before.

16 For the Defense Section, same as before.

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20 (English to Japanese and Japanese
21 to English interpretation was made by the
22 Language Section, IMTFE.)
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1 MARSHAL OF THE COURT: The International
2 Military Tribunal for the Far East is now in session.

3 THE PRESIDENT: All the accused are present
4 excep. OKAWA and MATSUI who are represented by their
5 respective counsel.

6 Mr. Hauxhurst.

7 MR. HAUXHURST: May it please the Tribunal:

8 Evidence has been or will be introduced
9 to show the facts which are outlined in this Opening
10 Statement.

11 Japan's wars of aggression not only required
12 an Army and Navy but armament, supplies and munitions
13 of war. They contemplated full and complete control
14 of invaded territories. The concept of total war
15 entertained and fostered by the Accused involved
16 the active employment of every available resource
17 toward the single object of military mastery. To
18 this end not only the economic structure of Japan,
19 but the natural resources and industrial organi-
20 zation of captured areas as well, were seized and
21 bent to the one purpose of aggressive war.

22 There were two ways in which Japan's con-
23 trol of invaded territories could be accomplished.
24 One was to administer them as Japanese colonies.
25 The other, to consolidate and foster them as so-

1 called "independent nations." Both methods not only
2 required armed forces but continued occupation by these
3 forces. The Kwantung Army was in Manchuria. The
4 Japanese troops were in China and the occupied terri-
5 tories.

6 Sufficient resources which the Accused and
7 their fellow conspirators believed necessary to
8 support Japanese plans for the domination of East
9 Asia could be obtained only from conquered terri-
10 tories, and only by force and arms. They also con-
11 ceived that by military force a market for manu-
12 factured products could be acquired and maintained;
13 so that both the commercial necessities and the pro-
14 ductive force of conquered areas might be fitted
15 into a general scheme closely coordinated to support
16 Japanese war economy.

17 Japan's war of aggression required natural
18 resources and raw materials to supplement her own.
19 Japan needed iron ore and Manchuria could only
20 supply "up to one third" of Japan's requirements.
21 Japan needed pig iron, steel and coal. She needed
22 light metals such as aluminum and magnesium. Under
23 Japan's plan of aggression "the Japanese Military
24 thought they had sufficient supplies of oil * * *
25 until they could get their hands on the oil in the

1 South -- from other areas."

2 The leased rights which Japan had acquired in
3 1905 as a result of the Russo-Japanese War in the
4 Kwantung Peninsula and along the railway north from
5 Port Arthur and Dairen demonstrated how rich Man-
6 churia and other parts of China were in these needed
7 raw materials and resources. The organization of the
8 South Manchuria Railway Company, in 1906, contemplated
9 the development of these resources in the Kwantung
10 leased territory.

11 It has or will be shown that, in controlling
12 the invaded territories, Japan seized their raw materi-
13 als and natural resources. Backed by armed forces
14 she directed and controlled their industrial and pro-
15 ductive efficiency. The monopolistic control of
16 Manchuria is typical. Systematic long-term methods
17 of control of resources and industries meant permanency.
18 Japan had no idea of giving them up regardless of
19 public announcements to the contrary as to what she
20 would do or why she would do it. She intended to
21 stay. Each occupied territory became the springboard
22 for further and definitely planned invasions and
23 aggressions.

24 Japan was bound by treaty obligations to
25 respect the integrity of China. As has been shown

1 two wars were started and the so-called "incidents"
2 were created. An aggressive war would be in vio-
3 lation of these treaty obligations. As a result
4 of the so-called "incidents" Japan came into poss-
5 session of almost all the valuable resources and raw
6 materials in Manchuria and China.

7 Evidence has already been presented to
8 show the military occupations beginning first in
9 Manchuria and then extending to northern and eastern
10 China. By propaganda, as has been shown, Japan attempt-
11 ed to demonstrate that she was the destined leader
12 to create and control an economic bloc including not
13 only Manchuria but all of China and the territories
14 to the South.

15 With her military forces at all times in
16 possession Japan created provisional, controlled and
17 pretended independent governments in the occupied
18 territories and through these provisional governments
19 was able to enforce her will and carry out her plan,
20 not only of treating them as pretended independent
21 states but in controlling their resources and industry.

22 Evidence has already been introduced in
23 connection with the military aggressions which followed
24 these created incidents to show how Manchoukuo was
25 established as a so-called "independent state."

1 This evidence includes portions of the Lytton Report
2 which described in great detail the establishment of
3 the State of Manchoukuo. Other evidence shows that
4 the foundation of Manchoukuo followed a plan formu-
5 lated and executed by the Kwantung Army and adopted
6 by successive Japanese governments.

7 In 1933 the first step in the plan for the
8 control of all business and industry in Manchuria was
9 taken when, on March 1 of that year, "General Outline
10 of the Economic Construction Program of Manchoukuo"
11 was proclaimed and the foundation for a policy of
12 "controlled economics" was laid down. This program
13 was supplemented and implemented by laws and ordin-
14 ances promulgated from time to time by the Manchoukuo
15 Government only with the approval of the Kwantung
16 Army and the Japanese Government. This placed Japan
17 in control of all the natural resources of Manchuria.
18 This control and monopolistic policy was further
19 strengthened by continued governmental investment in
20 various enterprises as they were originated, organized
21 and developed.
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25

1 Japan delayed recognition of the independ-
2 ence of Manchoukuo until September, 1932 when by
3 protocol it was determined, among other things, that
4 Japan and Manchoukuo would cooperate in the mainten-
5 ance of their national security and that such Japan-
6 ese forces as might be necessary for this purpose
7 would be stationed in Manchoukuo.

8 Japan's position in Manchoukuo was streng-
9 thened by the purchase of the North Manchuria Railway
10 from Russia.

11 If the Tribunal please, I have been asked
12 to add one sentence in explanation of that, if the
13 Court will permit me to state it.

14 THE PRESIDENT: You may.

15 MR. HAUXHURST: So that the sentence would
16 read: Japan's position in Manchoukuo was strengthened
17 by the purchase of the North Manchoukuoan Railway from
18 Russia due to pressure which will be described during
19 the presentation subsequently of another part of the
20 prosecution's case. That is the end of the addition.

21 The acquisition of this railway tended to
22 eliminate all foreign interests in Manchoukuo except
23 those of Japan. In this connection, Japan guaranteed
24 the performance of the obligations which Manchoukuo
25 had made to Russia in connection with this purchase.

1 An agreement was made with Manchoukuo
2 to create a Japan-Manchoukuo Joint Economic Com-
3 mission for the purpose of determining important
4 matters regarding the interrelation of the economies
5 of the two countries. Japan and Manchoukuo were
6 to be equally represented on this Commission which
7 it is claimed Japan in fact controlled. Her Kwan-
8 tung Army was always at hand.

9 In March, 1934 Manchoukuo adopted a new
10 organic law which provided that Manchoukuo should
11 be an empire. The then handpicked Chief Executive
12 became the Emperor of Manchoukuo with power to
13 issue Imperial ordinances or decrees possessing
14 the identical force of law with the approval
15 of the Japanese controlled Privy Council.

16 In January, 1937 the "Five-Year Industrial
17 Development Plan" was announced. This second
18 period construction program called for the
19 development of necessary resources for national
20 defense as part of the Japan-Manchoukuo economic
21 bloc. In this connection on May 1, 1937 a law
22 controlling important industries was promulgated
23 which was supplemented by an ancillary ordinance
24 which listed the industries to be affected by it.
25 The first of the industries listed in this ancillary

1 ordinance covered "arms manufacturing industry,
2 aircraft manufacturing industry, motor car man-
3 ufacturing industry" and other industries affect-
4 ing the production of war munitions.

5 In December, 1937 the Manchuria Industrial
6 Development Corporation was organized as the
7 semi-governmental corporation to expedite the
8 coordinated establishment of heavy industries
9 so necessary for making war munitions and to
10 provide for their control. These beginnings
11 in the economic control of industry and business
12 show the fundamental principles of the economy
13 which Japan set up in Manchuria and constituted
14 the foundation of the new Economic Bloc.

15 In China, after the "China Incident,"
16 the Japanese Army was at all times in control
17 of the occupied territory, selected with a view
18 to military and economic strategy. Evidence has
19 heretofore been introduced to show that the invasion
20 of China as a result of the so-called "China
21 Incident" was more successful than the attempted
22 invasion in 1932-1933 following the so-called
23 "Manchurian Incident." The situation in China
24 in 1937-1938 was different from that in Manchuria
25 when Manchoukuo was established by Japan. In

1 China proper, there was an existing recognized
2 Government. Japan's armed forces were not in
3 possession before the war began. The armed re-
4 sistance of this National Government prevented
5 Japan from gaining complete control over all China.
6 In northeastern China, known as Manchuria, Japan
7 was already in partial control of the country by
8 virtue of her Leased Territorial Rights and the
9 presence of armed forces, -- the Kwantung Army.
10 That it became necessary for the army, as it ad-
11 vanced in China, to promote and establish con-
12 trolled, so-called "Independent Governments" for
13 the occupied territories in her plan to bring
14 about the disintegration of the real, organized
15 Chinese Republic. A "Provisional Government"
16 was established at Peiping and a "Reformed
17 Government" was established at Nanking. After
18 Wang Ching-wei left Chungking in December, 1938
19 conferences were had between him, the Japanese
20 government and the heads of the Provisional
21 Governments which had already been established.
22 As a result of these conferences a so-called
23 "National Government of the Republic of China"
24 was formed and the device of treating this new
25 government as the real or "orthodox" National

1 Government of China was adopted.

2 On November 30, 1940, a "Joint Treaty"
3 was made between Japan and the new Japanese con-
4 trolled Government of China and a "Joint Decla-
5 ration" of the governments of Japan, the Japanese
6 controlled Government of Manchoukuo and the
7 Japanese controlled Government of China was
8 executed as part of a plan to establish a "New
9 Order in East Asia" -- "in accordance with the
10 high and broad spirit of HAKKO ITIU -- the eight
11 corners of the world under one roof." This did
12 not change the fact that the Japanese armies were
13 in China and in control. It did not change the
14 situation so far as the possession of Chinese
15 resources and the control of industry were con-
16 cerned for the evidence will show that they were
17 under the control of the Japanese. The North
18 China Development Company and the Central China
19 Promotion Company were organized with Japanese
20 capital, governmental and private, under ordi-
21 nances passed in 1938 expressly "to accelerate
22 economic development and to coordinate and adjust
23 undertakings in North China" and "to assist the
24 economic rehabilitation and development of Central
25 China."

1 It will be shown that these companies
2 were under the control of the China Affairs
3 Board, a Japanese organ, which was organized
4 in 1938 as "a central institution to carry on
5 the important work of aiding in the construction
6 of the new China and of realizing a new order
7 in East Asia." This Board was presided over by
8 the Prime Minister of Japan. Upon the formation
9 of the Ministry of Greater East Asiatic Affairs
10 the China Affairs Board became the China Affairs
11 Bureau of that Ministry and continued its control
12 under the direction of Japan's armed forces.

13 The "Treaty and Joint Declarations"
14 on November 30, 1940 did not affect the fact
15 that the "Secret Agreements" which were made
16 contemporaneously with the "Sino-Japanese Basic
17 Treaty" in 1940 destroyed all pretense of an
18 independent China. These "Secret Treaties"
19 which were to be publicly announced "when found
20 necessary" and "upon consultation" contemplated,
21 among other things, that "China shall comply to
22 the Japanese demands regarding military necessi-
23 ties" and "to cooperate intimately *** in plan-
24 ning, development and production of special
25 resources" *** "to positively and adequately

1 facilitate Japan and the Japanese people, espec-
2 ially in replenishing the strategical demands of
3 Japan."

4 The new governments which had been
5 created in China and Manchuria were obliged to
6 follow the economic policy laid down by Japan
7 and had to comply with her demands. Before the
8 Treaty of November 30, 1940 was announced and
9 without indicated consultation with the new Govern-
10 ment of China, an announcement was made on November
11 5, 1940 by Japan of a "Programme for Economic
12 Construction Embracing Japan, Manchoukuo and
13 China" in which was laid down a basic policy
14 for the creation of the East Asiatic Sphere
15 of Co-Prosperity. Manchoukuo and China were
16 told what they would have to do. There could
17 be no doubt as to Japan's intention to control
18 permanently occupied territories.

19 On October 30, 1943 the Pact of Alliance
20 between Japan and the so-called Republic of China
21 was entered into. The Treaty of November 30,
22 1940 and the documents attached thereto there-
23 by "lost their validity." This treaty confirmed
24 Japan's policy for a Greater East Asia and further
25 aggressions by force.

1 The evidence will show that the Japanese
2 plan, as thus developed and carried out was part
3 of a plan to secure by force of arms the economic
4 domination first of China and then of all East
5 Asia including: (1) acquisition of resources
6 for the prosecution of aggressive war, (2) the
7 controlled domination and sovereignty over occupied
8 territories to use them as bases for supplies
9 and munitions for further aggression, and (3)
10 the construction of a Greater East Asiatic Co-
11 Prosperity Sphere of which Japan would be the
12 controlling pivot.

13 The control of the resources and in-
14 dustries of invaded territories, as Japan moved
15 forward, became spokes in Japan's Greater East
16 Asiatic Co-Prosperity wheel and a part of Japan's
17 conspiracy to wage aggressive war.

18 This plan was in violation of interna-
19 tional law, treaties, agreements and assurances
20 and particularly of the Nine-Power Pact and treaty
21 notes and assurances between Japan and the United
22 States.

23 The evidence now to be offered is applicable
24 to the Indictment as a whole and particularly as to
25 Counts 1 to 5 of Group I and Section 3 of Appendix A
of the Indictment.

1 If the Tribunal please, I have as associates
2 Judge Albert Williams of Nashville, Tennessee and
3 David Nelson Sutton who is well known to this Court;
4 both of these gentlemen are well known to this Court.

5 Mr. Henry Chiu, who has also been associated
6 in this section, was called to Shanghai this week.
7 He hopes to be back next week. I am sorry that he
8 is not here now.

9 I would like to present Mr. William Prout,
10 another man who has assisted us, from Boston,
11 Massachusetts.

12 If the Court please, in preparation of this
13 section, I turned, naturally, to the Lytton Report
14 for information on the Manchoukuo situation. I am
15 not going to quote from that Report but would ask
16 the Court to bear in mind the parts of that Report
17 which have been read in connection with the consider-
18 ation of this case.

19 THE PRESIDENT: All the parts that have been
20 read do not bear on this particular phase, so you had
21 better tie those parts that do bear on it in greater
22 detail. You may do that at a later stage, Mr. Haux-
23 hurst.

24 MR. HAUXHURST: I will say to the Court, if
25 your Honor please, that the parts that I would refer

1 to have already been read to the Court, and I do not
2 propose to take the Court's time in doing that except
3 to ask that you recall, as the case proceeds, that
4 testimony and particularly the testimony that was
5 read in exhibits 231, 222 and 223 which were intro-
6 duced by Mr. Darsey.

7 THE PRESIDENT: To make the tying in most
8 effective, I suggest that you indicate again the
9 pages and passages of the Lytton Report which bear
10 on this phase without quoting the passages in extenso.

11 MR. HAUXHURST: In that connection, if the
12 Court please, I would like to introduce prosecution's
13 document 2336 which appears in the Manchoukuo Govern-
14 ment Gazette, Volume I, dated April 1, 1932, pages
15 7-10. In connection with the presentation of this
16 document, which is presented for the purpose of ad-
17 vising the Court, the first Organic Law that was
18 developed in connection with the formation of the
19 Manchoukuo Government --

20 THE PRESIDENT: Admitted on the usual terms.

21 CLERK OF THE COURT: Prosecution's document
22 2336, being a book entitled "Organic Law of Manchoukuo,"
23 will be given exhibit No. 436, and the excerpt there-
24 from exhibit No. 436-A.

25 (Whereupon, prosecution's exhibits

1 436 and 436-A were received in evidence.)

2 THE PRESIDENT: Yes, Mr. Hauxhurst.

3 MR. HAUXHURST: This, if the Court please,
4 is presented so that the Court may understand the
5 powers of the Regent, who was the first executive of
6 the Manchukoan Government, and this should be consid-
7 ered in connection with the testimony which witness
8 Pu-Yi testified to a short time ago as the first
9 Regent or chief executive of Manchukuo. I would
10 like to read on the first page from Section I,
11 Article 1: "The Regent shall rule over Manchukuo."

12 Article 5 on the first page: "The Regent
13 shall exercise legislative powers with the approval
14 of the Legislative Yuan.

15 "Article 9. In case it is impossible to
16 convene the Legislative Council for the purpose of
17 maintaining public peace and order, or of averting
18 extraordinary calamities, the Regent may promulgate,
19 with the approval of the Advisory Yuan, an emergency
20 ordinance possessing the same validity as a law.
21 However, such an ordinance shall be reported to the
22 next session of the Legislative Yuan.

23 "Section III, Article 17. The organization
24 of the Legislative Yuan shall be based on a law to be
25 separately provided.

1 "Article 18. All statutory bills and
2 budget bills must receive the approval of the
3 Legislative Yuan," and in that connection I would
4 call the Court's attention particularly to the state-
5 ment in the Lytton Report that no such legislative
6 body was organized and also to the testimony of Henry
7 Pu-Yi in which he stated that there was no such legis-
8 lative body.

9 I now present prosecution's document No.
10 1898 (a) and (b) and offer it in evidence and ask
11 that it be marked as an exhibit.

12 THE PRESIDENT: Admitted on the usual terms.

13 CLERK OF THE COURT: Prosecution's document
14 No. 1898, being a book entitled, "Manchukuo Government
15 Bulletin of March 1, 1934," is given exhibit No. 437,
16 and the excerpts therefrom of the same number given
17 exhibit No. 437-A.

18 (Whereupon, prosecution's exhibits

19 No. 437 and No. 437-A were received in evidence.)

20 MR. HAUXHURST: This document is introduced
21 for the purpose of getting before the Court full in-
22 formation as to the Organic Law of Manchukuo which
23 was passed in 1934 and made Manchukuo an empire, and
24 the Regent became then the Emperor of Manchukuo.
25 This is introduced to save the Court's time and to

1 call its attention to the points that I would like
2 to have noted. I refer to the first page, Chapter I,
3 Article 1, The Emperor. "The Manchou Empire shall be
4 reigned over and governed by an Emperor. The succes-
5 sion to the Imperial Throne shall be as determined
6 separately.

7 "Article 5. The Emperor shall exercise the
8 legislative powers with the approval of the Legis-
9 lative Council."

10 On the next page, Article 8: "The Emperor,
11 in consequence of an urgent necessity of maintaining
12 public safety or averting emergency calamities, shall
13 be empowered to issue, with the approval of the Privy
14 Council, when it is impossible to convene to Legis-
15 lative Council, Imperial ordinances which shall have
16 the identical force of law. Such Imperial ordinances,
17 however, shall be reported at the following session
18 of the Legislative Council."

19 Article 17, Chapter III, at the bottom of
20 the page: "The organization of the Legislative
21 Council shall be as determined separately by law.

22 "Article 18. All legislative and budgetary
23 bills and matters pertaining to contracts other than
24 budgets entailing obligations upon the National
25 Treasury shall require the approval of the Legislative

1 Council.

2 "Article 21. The Legislative Council shall
3 be convoked annually by the Emperor. The duration
4 of the ordinary session shall be one month, which
5 may, however, be prolonged by the Emperor in case of
6 necessity."

7 Then over to Article 41 on page 5 which
8 reads: "The Emperor may, for the time being, issue
9 Imperial ordinances or decrees possessing the identi-
10 cal force of laws, fix the budgets or make contracts
11 other than budgets which entail obligations on the
12 National Treasury, with the approval of the Privy
13 Council."

14 And 42: "All previous ordinances, Council
15 orders, and other laws and ordinances irrespective
16 of their designations or titles shall continue to
17 remain in force."

18 Then at the bottom of the page, Imperial
19 Ordinance No. 1, the first paragraph: "The Government
20 Organization Law (The Government Organic Law) Ordinance
21 No. 1, of the First Year of Tatung (1932) is hereby
22 abolished."

23 On behalf of the prosecution I would like to
24 present document No. 436. This is the ordinance and
25 the agreement between Manchukuo and Japan in connection

1 with the establishment of the Manchuria Development
2 Company, which showed the joint plan to colonize
3 Manchukuo by the Japanese.

4 THE PRESIDENT: Admitted as before.

5 CLERK OF THE COURT: Prosecution's document
6 No. 436 will be given exhibit No. 438.

7 (Whereupon, prosecution's exhibit
8 No. 438 was received in evidence.)

9 MR. HAUXHURST: The Court by order granted
10 the right to use excerpts from this agreement and
11 these are the excerpts which were furnished at the
12 time the order was made: (Reading)

13 "The Imperial Japanese Government and the
14 Imperial Manchoukuo Government, desirous of strengthen-
15 ing still further the bonds of close and indissoluble
16 relations existing between the two countries by exert-
17 ing combined efforts to promote emigration to Man-
18 choukuo and to develop the lands of Manchoukuo, and
19 cognizant of the necessity of establishing for these
20 purposes a joint-stock company under joint Japanese
21 and Manchoukuo management, hereby agree on the
22 following Articles:

23 "Article I

24 "The Imperial Japanese Government and the
25 Imperial Manchoukuo Government shall cooperate to

1 cause to be established a joint-stock Company under
2 joint Japanese and Manchoukuo management, which shall
3 engage in the promotion of emigration to, and in the
4 development of lands in, Manchoukuo.

5 "The title of the company mentioned in the
6 preceding paragraph shall be the 'Manchuria Develop-
7 ment Company'.

8 * * *

9 "Article III

10 "The shares of the Company shall be registered
11 shares and can be held only by the two Governments,
12 by public organizations or subjects of Japan or
13 Manchoukuo, or by the juridical persons created by
14 the laws of either country, of which one-half or over
15 of the staff members or the shareholders or the
16 executive officers, or one-half or over of the total
17 amount of the capital, or the majority vote of the
18 shareholders do not belong to other than the subjects
19 or juridical persons of either country."

20 I will skip to Article V: "The President
21 and the Directors of the Company shall be appointed
22 by the Imperial Japanese Government and the Imperial
23 Manchoukuo Government.

24 "The term of office of the President shall
25 be five years, that of the Directors four years and

1 that of the Auditors three years.

2 "Article VI

3 "The Company may issue debentures to an
4 amount not exceeding ten times the amount of its
5 paid-up capital.

6 "When the Company intends to issue debentures,
7 the approval of the Imperial Japanese Government
8 and the Imperial Manchoukuo Government shall
9 first be obtained.

10 "The payment of the principal and interest
11 of the debentures mentioned in the preceding paragraph
12 shall be jointly and severally guaranteed by
13 the Imperial Japanese Government and the Imperial
14 Manchoukuo Government after respectively fulfilling
15 the required procedures."

16 On behalf of the prosecution I desire now
17 to present for introduction into evidence--

18 THE PRESIDENT: The date has not been given.
19 Yes, it appears in the certificate; it should be in
20 the record though.

21 MR. HAUXHURST: I am sorry. I was prepared
22 to--

23 THE PRESIDENT: I have given it now. I
24 have simply told you at the suggestion of one of my
25 brother judges.

1 MR. HAUXHURST: Prosecution now desires to
2 introduce into evidence and have marked as an exhibit
3 document No. 440-A and B. This is the charter of the
4 organization of the South Manchurian Railroad and
5 "A" is the ordinance under which the South Manchurian
6 Railway was organized. This is dated 1907 -- June 7,
7 1906.

8 THE PRESIDENT: Admitted as usual.

9 CLERK OF THE COURT: Prosecution's document
10 No. 440-A and B will receive exhibit No. 439.

11 (Whereupon, prosecution's exhibit
12 No. 439 was received in evidence.)

13 MR. HAUXHURST: The privilege of taking
14 excerpts from these documents, although the whole
15 documents are produced, was granted by the order
16 recently made by the Court.

17 Article 1 of the Ordinance No. 142 provides:

18 "The Government shall cause the South
19 Manchuria Railway Joint Stock Company to be estab-
20 lished and let it manage railway transportation enter-
21 prises in Manchuria.

22 "Article 2. The shares of the Company shall
23 all be registered and shall be owned only by the
24 Japanese and Manchukuo Governments or by their
25 nationals. (As revised by Imperial Ordinance No.

1 20, dated January 19, of the 15th year of Showa-
2 1940).

3 "Article 3. The Japanese Government may
4 offer as payment railways and their attached prop-
5 erties and coal mines in Manchuria.

6 "Article 7. The Company shall have one
7 president, two vice-presidents, four or more directors,
8 and three to five auditors. (As revised by Imperial
9 Ordinance No. 416, dated June 19, of the 15th year
10 of Showa-1940).

11 "Article 8. The President shall represent
12 the Company and superintend the business affairs
13 thereof. (As revised by Imperial Ordinance No. 178,
14 dated June 18, of the 4th year of Showa-1929)."

15 I will pass the next paragraph to save the
16 time; it does not seem to be important at this moment.
17 I would like to pass then to Article 9 on page 2:

18 "The President and Vice-Presidents shall be
19 appointed by the government through the Imperial
20 sanction, and the term of their office shall be five
21 years. (As revised by Imperial Ordinance No. 178,
22 dated June 18, of the 4th year of Showa-1929)."

23 The next article appears on page 3 of the
24 law:

25 "Article 13. The Government may issue

1 orders, necessary for the supervision of enter-
2 prises of the Company.

3 "The supreme commander of the Kwantung
4 Army may issue necessary directives in connection
5 with military affairs involving the business affairs
6 of the Company, and in war time (including cases of
7 incidents comparable to war), may in case of military
8 necessity issue orders involving the business affairs
9 of the Company.

10 "In case the Company suffers losses on
11 account of the orders provided for in the above-
12 mentioned paragraph, the Government may make recom-
13 pense within the limit of the budget for only those
14 losses ordinarily arising. (As revised by Imperial
15 Ordinance No. 613, dated July of the 17th year of
16 Showa-1942).

17 "Article 14. The Government may rescind
18 resolutions of the Company or may dismiss officials,
19 in case their acts are against the laws, orders or the
20 objectives of the Company or detrimental to public
21 welfare, in case they fail to perform the business
22 affairs which the supervisory governmental organiza-
23 tion orders, or in case they do not obey orders pro-
24 vided in paragraph two of the preceding article.
25 (Imperial Ordinance No. 613, dated July 14, of the

1 17th year of Showa-1942).

2 "Article 15. In case the Government deems
3 it necessary, it may apply to Company laws or regu-
4 lations involving railways within the Japanese
5 Empire. In such cases, the Government shall notify
6 the Company beforehand of the clauses of such laws
7 or regulations to be applied."

8 That is all I care to read from the Ordin-
9 ance. I would now like to turn to the Charter on
10 page 5:

11 "Article 4. Objects of this company are
12 as follows: (1) The operation of the following
13 railway transport services in Manchuria. Section: --"
14 and here follows the names of eight companies.

15 "(2) The operation of the following collat-
16 eral enterprises for the convenience of the company:
17 mining; water transport services; motorcar services;
18 electrical industry; warehousing; management of land
19 and dwellings.

20 "(3) The operation of such other business
21 as may be permitted or approved by the government."

22 I would now like to skip to Article 21 on
23 page 8 -- Chapter III, entitled "Shareholders."

24 "Article 21

25 "The shareholders of this company shall be

1 limited to the Japanese and Manchukuo Governments
2 and to the nationals of Japan, Manchukuo and China.

3 "Article 22.

4 "The Japanese Government shall invest the
5 following assets, and the company shall allot two
6 million shares for every one hundred million yen of
7 its investment.

8 "(1) The existing railways (excepting cars
9 in use at present, rails of light railway service
10 between Mukden and Antung, and appurtenances.)

11 "(2) All properties belonging to the
12 above-mentioned railways, except the properties in
13 the leased territory which have been designated by
14 the government.

15 "(3) Coal mines in Fushun and Yentai.

16 Besides the investments shown in the previous para-
17 graph, the Japanese Government has subscribed for
18 shares valued at ¥ 120,000,000 on December 1st of the
19 9th year of Taisho, 1920, according to Law No. 34 of
20 the same year, for which the Company shall allot
21 2,400,000 shares."

22 I will eliminate the reading of the next
23 two paragraphs because we expect later in this case
24 to discuss the financial investment of the governments
25 in this company; but Article 22 - 2 I would like to

1 read. (Reading):

2 "The Company shall allot to the Manchukuo
3 Government ¥ 50,000,000 out of the capital increased
4 according to the decision of the shareholders'
5 extraordinary general meeting held on the 2nd of
6 January in the 5th Year of Showa, 1930, and shall
7 issue one million shares for the amount. Besides the
8 above, the company shall allot to the Manchukuo
9 Government the amount of ¥ 175,000,000 out of the
10 capital increased according to the extraordinary
11 general shareholders' meeting held on the 20th of
12 January in the 20th Year of Showa, 1945, and shall
13 issue 3,500,000 shares for them."

14 Turning then to page 15, Article 54:

15 "On debentures which the Company issues
16 for construction of railways or for the management
17 of its accessory enterprises, and on other debentures
18 to be issued for the redemption of the said debentures,
19 the government shall guarantee the payment
20 of interest; and if necessary, the payment of the
21 principal.

22 "The total amount of debentures to be
23 guaranteed by the Japanese Government shall not
24 exceed the amount of paid-up shares, and shall not
25 exceed the total amount of the capital."

1 THE PRESIDENT: "Shall not exceed 'twice'
2 the amount of paid-up shares."

3 MR. HAUXHURST: Yes, that is right, I beg
4 your pardon. "Twice the amount of paid-up shares,
5 and shall not exceed the total amount of the capital."

6 "Article 55.

7 "For the debentures to be issued in accord-
8 ance with the regulations of the first paragraph
9 of the preceding article, the Company shall be
10 supplied by the Japanese Government with an amount
11 equivalent to the interest of the debentures. In
12 case the dividend rate exceeds six percent of the
13 paid-up amount of shares, the amount of debentures
14 shall cover their interest; in such cases, the
15 Government's subsidies shall be paid by canceling
16 the said interest amount.

17 "Article 56.

18 "In case the profit of the Company is still
19 left, after the payment of the interest of debentures,
20 the remainder shall be paid to the shares owned by
21 the Japanese and Manchukuo Governments until the div-
22 idend rate for the paid-up amount of the total shares
23 becomes equal. But in case the profit dividend for
24 the shares owned by the Japanese and Manchukuo Govern-
25 ments reaches 4.43 percent a year, the Company may

1 pay the second dividend within the limit of four
2 percent a year for the paid-up amount. In case
3 the profit dividend for the shares owned by the
4 Japanese and Manchukuo Governments surpasses the
5 rate of 4.43 percent a year, the Company may increase
6 the second dividend within the limit of two percent
7 a year for the paid-up amount by shareholders. The
8 profit dividend for the shares owned by the Govern-
9 ments shall be paid on July 31 every year.

10 "Article 57.

11 "For the subsidies of the Japanese Govern-
12 ment as provided in Article 55, interest of six
13 percent a year shall be borne; the interest thus
14 borne shall be included among the principal, and shall
15 be calculated as a debt of the Company against the
16 Japanese Government."

17 I think that that is all, your Honor.

18 MR. FURNESS: If the Court please, the
19 defense would like to request the prosecution to
20 furnish us with the dates of the amendments to the
21 Articles, which is document No. 440-B. It is obvious
22 that it has been amended since 1906 and we would like
23 to be furnished with those dates the same way as they
24 are shown in 440-A.

25 MR. HAUXHURST: If the Court please, we will

1 be very glad to do that. You must realize that the
2 corporation and the law was passed June 7, 1906 and,
3 undoubtedly, there have been many amendments to it,
4 and we succeeded and thought that we were getting
5 the exact situation so far as the Charter was concerned.
6 The certification at the end of the Articles and also
7 at the end of the Charter is dated the 7th day of
8 June, 21st year of Showa, 1946, by Masakatsu SUZUKI,
9 Chief of the Continental Section, Economic Department,
10 Superintence Bureau, Foreign Ministry. The reason
11 for that late certification was in the hope that this
12 exhibit as submitted would contain the latest re-
13 visions.

14 THE PRESIDENT: It may involve a lot of
15 work to get all the amendments since 1906 and when
16 you have got them, they may have no importance. If
17 you can indicate the significance of these things,
18 Major Furness, we may be more ready to grant what
19 you are looking for.
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1 MR. FURNESS: This document is apparently
2 offered as proof of a conspiracy. Obviously the
3 accused were not involved in 1906. If they are
4 accused as officers of the Japanese Government as
5 having engineered the changes in the basic document
6 of 1906, it seems to me that the date of the amend-
7 ments becomes important.

8 THE PRESIDENT: Well, the significance of
9 the amendments in what I may call the memorandum
10 of association is clear enough. They appear to
11 have been made during the war and perhaps for war
12 purposes. But the amendments to the Charter -- to
13 the Articles of Association may have no significance.
14 We want to be satisfied that any amendments that you
15 seek have some significance, some bearing.

16 **Is that light** meant to be there?

17 (Whereupon, the red signal light was
18 extinguished.)

19 MR. FURNESS: I have no doubt that we have
20 the final document, but the various articles, I think,
21 have been read showing governmental control. If
22 those have been amended, or if they -- it is important
23 today. If they existed from the beginning from 1906,
24 why, then there is no proof of any conspiracy or
25 government control by these men here. The fact that

1 the prosecution has read the document indicates that
2 they think it has some bearing, and I would like to
3 point out that Mr. Hauxhurst said that he would be
4 very glad to finish it.

5 THE PRESIDENT: I think you should see what
6 you get from the prosecution, Major Furness. If you
7 are not satisfied, apply to me in Chambers for further
8 material.

9 MR. HAUXHURST: I would like to ask Major
10 Furness to indicate to me in writing the articles
11 that he has specific attention to. In other words,
12 we had a great deal of trouble in getting this because
13 it would be a large volume if you went from 1906
14 up to and including absolutely every amendment that
15 had been made in those articles of incorporation.

16 MR. FURNESS: I think Mr. Hauxhurst mis-
17 understands what I want -- what we want. What we
18 want is a statement at the end of an article stating
19 that it has been amended, the date of the amendment.
20 In other words, we want the same things which appear
21 in Article 2 in the document 440-A.

22 THE PRESIDENT: Those amendments, as I have
23 already pointed out, in 440-A are confined to the
24 period of the alleged aggressive war. You surely
25 do not want amendments right back to 1906. Now when

1 do you want to start?

2 MR. FURNESS: We wish to start January 1,
3 1928, sir, and we don't want the amendments. We
4 just want a statement if the article which appears
5 in this exhibit has been amended, the date of the
6 amendment, and the reference to the instrument which
7 amended it.

8 THE PRESIDENT: If the Charter stands as
9 it appears in this exhibit, it must be assumed that
10 all those articles are original articles, that they
11 were made in 1906, and that is wholly in favor of the
12 defense. It is the prosecution that has the interest
13 in showing amendments during the war period. I
14 suggest that you give this more thought, Major Fur-
15 ness, before you make any application.

16 MR. HAUXHURST: The prosecution would like
17 to present document 2338 for introduction into evidence.

18 THE PRESIDENT: We will recess now for fifteen
19 minutes.

20 (Whereupon, at 1045, a recess was taken
21 until 1100, after which the proceedings were
22 resumed as follows:)
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1 MARSHAL OF THE COURT: The International
2 Military Tribunal for the Far East is now resumed.

3 THE PRESIDENT: Mr. Hauxhurst.

4 MR. HAUXHURST: If the Tribunal please, the
5 next document which I was going to offer in evidence
6 is document 2338 and is a complete statement of the
7 protocol between Japan and Manchukuo. It is completely
8 quoted in the Lytton Report -- although I haven't been
9 able to find the exact page I know it is there -- and
10 if the Court will take notice of the protocol between
11 Japan and Manchukuo as it was printed in the Lytton
12 Report it will be unnecessary to put in this document.

13 THE PRESIDENT: It would save a lot of time
14 for the Judges if you had the page of the Lytton Report.

15 MR. HAUXHURST: Perhaps it would be shorter,
16 this document is short, to submit it now.

17 THE PRESIDENT: Yes.

18 MR. HAUXHURST: I, therefore, offer in evidence
19 prosecution's document No. 2338 which is a pamphlet
20 issued by the Ministry of Foreign Affairs under the
21 title "Collection of Treaties, No. 10, No. 14," issued
22 on September 15, 1932.

23 THE PRESIDENT: Admitted on the usual terms.

24 CLERK OF THE COURT: Prosecution's document
25 No. 2338 will receive exhibit No. 440.

1 (Whereupon, the document above referred
2 to was marked prosecution's exhibit No. 440 and
3 received in evidence.)

4 MR. HAUXHURST: The protocol reads as follows:

5 "Whereas Japan has recognized the fact that
6 Manchoukuo, in accordance with the free will of its
7 inhabitants, has organized and established itself as
8 an independent State: and

9 "Whereas Manchoukuo has declared its inten-
10 tion of abiding by all international engagements enter-
11 ed into by China in so far as they are applicable to
12 Manchoukuo:

13 Now the Governments of Japan and Manchoukuo
14 have, for the purpose of establishing a perpetual
15 relationship of good neighborhood between Japan and
16 Manchoukuo, each respecting the territorial rights of
17 the other, and also in order to secure the peace of
18 the Far East, agreed as follows:--

19 "1. Manchoukuo shall confirm and respect, in
20 so far as no agreement to the contrary shall be made
21 between Japan and Manchoukuo in the future, all rights
22 and interests possessed by Japan or her subjects with-
23 in the territory of Manchoukuo by virtue of Sino-
24 Japanese treaties, agreements or other arrangements
25 or of Sino-Japanese contracts, private as well as public;

"2. Japan and Manchoukuo, recognizing that

1 any threat to the territory or to the peace and order
2 of either of the High Contracting Parties constitutes
3 at the same time a threat to the safety and existence
4 of the other, agree to cooperate in the maintenance of
5 their national security; it being understood that such
6 Japanese forces as may be necessary for this purpose
7 shall be stationed in Manchoukuo.

8 "The present Protocol shall come into effect
9 from the date of its signature.

10 "The present Protocol has been drawn up in
11 Japanese and Chinese, two identical copies being made
12 in each language. Should any difference arise in regard
13 to interpretation between the Japanese and the Chinese
14 texts, the Japanese text shall prevail.

15 "In witness whereof the undersigned, duly
16 authorized by their respective Governments, have signed
17 the present Protocol and have affixed their seals
18 thereto.

19 "Done at Hsinking, this fifteenth day of the
20 Ninth month of the Seventh year of Showa, corresponding
21 to the fifteenth day of the Ninth month of the First
22 year of Ta-tung," which is September 15, 1932.

23 Prosecution now desires to introduce into
24 evidence document 1799. This is the Fourth report
25 on progress in Manchuria to 1934 and is issued in

1 English by the South Manchurian Railway and it was
2 published in Dairen.

3 THE PRESIDENT: Admitted as before.

4 CLERK OF THE COURT: Prosecution's document
5 No. 1799, being a book entitled "Fourth Report on Pro-
6 gress in Manchuria to 1934," will be marked exhibit 441,
7 and the excerpt therefrom, to-wit, prosecution's docu-
8 ment No. 1799 B, will be marked exhibit No. 441A.

9 (Whereupon, the documents above referred
10 to were marked prosecution's exhibits Nos. 441
11 and 441A, respectively, and received in evidence.)

12 MR. HAUXHURST: In accordance with the order
13 of the Court, the whole article of paragraph 81 has
14 been included. It was not included at the time of the
15 application for excerpt. The first paragraph I would
16 like to read for the purpose of showing that the South
17 Manchurian Railway Company took over the management
18 and direction of all the railroads which belonged to
19 the Chinese after the Manchurian Incident. I shall
20 only read the first paragraph. (Reading)

21 "Simultaneously with the establishment of the
22 State Railway system, the Manchoukuo Government felt
23 that it was imperative to unify those existing lines
24 entailing loss accounts owing to their diverse manage-
25 ment with a view to promoting economic and technical

1 efficiency, and that it was most appropriate to assign
2 the operation and management of the whole of the State
3 railways to the South Manchuria Railway Company which
4 possesses a long and continued experience of railway
5 operation in Manchuria. Such an arrangement would also
6 be mutually advantageous in settling the enormous
7 amount of the new State's indebtedness to that company
8 in connection with the several railway lines financed
9 and constructed by the company in the past. Finally,
10 the Manchukuo Government entered into a contract with
11 the South Manchuria Railway Company, commissioning
12 the latter to take charge of the operation and manage-
13 ment of the State railways of Manchoukuo."
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1 I now desire to present prosecution's doc-
2 ument No. 2415, excerpts therefrom having been ap-
3 proved by the order of the Court, covering the
4 "Economic Construction Program of Manchukuo."

5 THE PRESIDENT: Admitted on the usual terms.

6 CLERK OF THE COURT: Prosecution's document
7 No. 2415 will receive exhibit No. 442.

8 (Whereupon the document above
9 referred to was marked prosecution's exhibit
10 No. 442 and received in evidence.)

11 MR. HAUXHURST: The purpose in introducing
12 this document is to show briefly the outline of the
13 first economic construction plan that was set up for
14 Manchukuo. This was promulgated March 1, 1933.
15 Reading from the first:

16 "In the conduct of State affairs, deeds,
17 not words, are needed. The great task of economic
18 construction, however, is an exceedingly difficult
19 undertaking even when it is taken in hand under
20 firmly-established principles, in accordance with
21 a carefully-prepared plan and with harmonious co-
22 operative efforts in all interested quarters. It is,
23 therefore, proposed to set forth hereunder the basic
24 principles of the task and the cardinal points of
25 the plan for construction, so that guidance may be

1 afforded to the Government and the people in their
2 endeavor to attain the object in view.

3 "2. Basic Principles of Economic Construction.

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1 "In planning the economic construction of
2 this country, efforts will be made to promote a
3 healthy and vigorous development of the whole national
4 economy by applying to capital such State control as
5 may be necessary in view of the evils of uncontrolled
6 capitalistic economy and by making the most of the
7 uses of capital. Thus to enrich and assure the
8 economic life of the masses, to uplift the level of
9 popular livelihood, to replenish our national re-
10 sources, to contribute to the economic development
11 of the world, to enhance the culture and civiliza-
12 tion of this country, and to realize the establish-
13 ment of a model State, which is the lofty ideal ac-
14 tuating the foundation of this nation, - this is the
15 ultimate objective of the proposed economic con-
16 struction.

17 "In order to attain this great objective,
18 we should proceed courageously with economic con-
19 struction in accordance with the following four
20 basic principles:

21 "(1) To make the promotion of the interests
22 of the whole nation the keynote, to obviate the
23 evil of a section of the community monopolizing the
24 benefits derived from the opening of natural re-
25 sources and from the development of industries, and

1 to enable all the masses to share alike in the en-
2 joyment of life.

3 "(2) To apply State control and take rationaliza-
4 tion measures in regard to the important branches
5 of economic activity, in order effectively to open up
6 the various natural resources with which this country
7 is endowed and to promote a co-ordinated development
8 in all the fields of economic endeavor.

9 "(3) In encouraging the opening of natural
10 resources and the promotion of industries, to abide
11 by the principle of the Open Door and Equal Oppor-
12 tunity, to seek for capital widely in the world, and
13 above all to import and appropriately and effectively
14 use the best of the technique, experience and other
15 phases of the civilization of the more advanced
16 nations.

17 "(4) To aim at the co-ordination and rational-
18 ization of East Asian economy, to place the emphasis
19 on co-operation with the good neighbor Japan in view
20 of the economic relationship of mutual dependence
21 between the two countries, and to make increasingly
22 closer this relationship of mutual helpfulness.

23 "These four constitute the basic principles of
24 economic construction. They should, in all cases,
25 be thoroughly observed, and completely carried into

1 effect.

2 " 3. Measures for Economic Control.

3 "In accordance with the spirit of the above
4 mentioned basic principles, the Government proposes
5 to control national economy within the limits of the
6 under-mentioned framework, which in its view affords
7 the best practicable means under the existing cir-
8 cumstances.

9 "1. To make it a guiding principle that im-
10 portant enterprises of the nature of national defense
11 or public utilities should be managed by public
12 bodies or special companies.

13 "2. To leave other industries, natural re-
14 sources and other economic matters to free manage-
15 ment by private individuals or companies; it being
16 understood, however, that, out of regard for the
17 well-being of the people and in order to maintain
18 their livelihood, there will be effected such adjust-
19 ment as may be necessary in regard to both produc-
20 tion and consumption."

21 The prosecution now desires to introduce
22 into evidence its document No. 2166, a part of the
23 official Manchukuo Government Bulletin for March
24 23, 1935.

25 THE PRESIDENT: Admitted on the usual terms.

1 CLERK OF THE COURT: Prosecution's document
2 No. 2166, being a book entitled "Manchukuo Government
3 Bulletin from January to March, 1935", will receive
4 exhibit No. 443, and the excerpt therefrom the same
5 number, exhibit No. 443-A.

6 (Whereupon, the documents above
7 referred to were marked prosecution's exhibit
8 Nos. 443 and 443-A, respectively, and received
9 in evidence.)

10 MR. HAUXHURST: This is introduced for
11 the purpose of showing that Japan guaranteed the
12 performance of the contract of the Manchukuo Govern-
13 ment in the purchase of the North Manchurian Rail-
14 way, formerly China Eastern Railway.

15 I would like to read Article 1:

16 "The Government of the Union of Soviet
17 Socialist Republics shall cede to the Government of
18 Manchukuo all the rights they possess concerning
19 the North Manchuria Railway (Chinese Eastern Railway),
20 and in consideration of which the Government of
21 Manchukuo shall pay to the Government of the Union
22 of Soviet Socialist Republics the sum of one hundred
23 and forty million (140,000,000) yen in Japanese
24 currency."
25

I then skip to Article No. 7, covering

1 the payment. (Reading)

2 "Out of the sum of one hundred and forty
3 million (140,000,000) yen in Japanese currency
4 referred to in Article I of the present Agreement, the
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1 sum of forty-six million seven hundred thousand
2 (46,700,000) yen shall be paid in cash in accordance
3 with the provisions of Article VIII of the present
4 Agreement, and the settlement for the remaining sum
5 of ninety-three million three hundred thousand
6 (93,300,000) yen shall be effected in the form of
7 payments made by the Government of Manchukuo for goods
8 delivered to the Government of the Union of Soviet
9 Socialist Republics in accordance with the provisions
10 of Article IX of the present Agreement."

11 The guarantees, if the Court please, appear
12 in four letters that passed between the Ambassador
13 and the Minister who negotiated this arrangement.
14 In order to make the document complete they exchanged
15 letters and then the representative of Manchukuo
16 sent four letters to the Minister at Tokyo, and he
17 then sent copies of them back. In the document from
18 which this is taken you will observe that the notes
19 which passed between the parties and also the agree-
20 ment is shown in Japanese and English. At the
21 bottom of page 1, under the heading "Notification"
22 is the beginning of the exchange of the letters.
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1 "Diplomatic Department's Notice No. 1.

2 "In regard to the treaty between this country
3 and the Union of Soviet Socialist for the cession to
4 Manchukuo of the right of the Union of Soviet Socialist
5 Republics concerning the North Manchurian Railway
6 (Chinese Eastern Railway), the following official
7 notes, dated the same day, were exchanged between the
8 Plenipotentiary of this country in Tokyo and the
9 Minister of Foreign Affairs of Japan on March 23, 1935."

10 (Reading) "Notes Exchanged between Japan
11 and Manchukuo. (Incoming Note).

12 "I have the honor to inform you by note as
13 follows:

14 "In regard to the agreement for the cession
15 to Manchukuo of the rights of the Union of Soviet
16 Socialist Republics concerning the North Manchurian
17 Railway (Chinese Eastern Railway), signed this day by
18 the Plenipotentiaries of the Union of Soviet Socialist
19 Republics and Manchukuo, the Government of Manchukuo
20 has requested that should a request be made by the
21 government of the Union of Soviet Socialist Republics
22 to the Japanese Government to guarantee that the govern-
23 ment of Manchukuo, through the conclusion of the above-
24 mentioned agreement, will fulfill all the obligations
25 of payment, which the government of Manchukuo is under

1 obligation to the government of the Union of Soviet
2 Socialist Republics, the said request be accepted by
3 the Japanese Government in view of the close and
4 special relations existing between Japan and Manchukuo.

5 "In regard to this request, I would like to
6 inform you that I have exchanged official notes, as
7 per enclosed copies, with the Plenipotentiary of the
8 Union of Soviet Socialist Republics stationed in Japan
9 today.

10 "I avail myself of this opportunity to renew
11 to your Excellency the assurance of my highest consi-
12 deration.

13 "Koki HIROTA, Foreign Minister."

14 Then follow the letters:

15 "Tokyo, 23rd, March, 10 Showa (1935).

16 "Monsieur l'Ambassadeur,

17 "In accordance with the desire expressed by
18 Your Excellency on behalf of the Government of the
19 Union of Soviet Socialist Republics in the course of
20 the negotiations concerning the conclusion of the
21 Agreement for the Cession to Manchukuo of the Rights
22 of the Union of Soviet Socialist Republics concerning
23 the North Manchuria Railway (Chinese Eastern Railway),
24 signed this day by the Plenipotentiaries of the Union
25 of Soviet Socialist Republics and Manchukuo, I have the

1 honour to inform You as follows:

2 "In view of the close and special relations
3 existing between Japan and Manchukuo, the Japanese
4 Government undertake to guarantee the exact fulfillment
5 by the Government of Manchukuo, within the respective
6 limits of time set forth by the above-mentioned Agree-
7 ment, of all the obligations of payment, in money as
8 well as in goods, which the Government of Manchukuo are
9 under in favour of the Government of the Union of Soviet
10 Socialist Republics as the result of such cession in
11 accordance with Article VII of the said Agreement."

12 Now, if the Court please, the other letters are
13 duplicates of the expression and confirmation of this
14 statement in this particular letter; and the purpose
15 of introducing this agreement is to show that Japan
16 guaranteed the performance of this contract. Unless
17 there is a request that the rest of the letters will
18 be read, I will not read them and will pass to the next
19 document.

20 Prosecution wishes now to introduce into evi-
21 dence document 2168, a copy of the law as it appears
22 in the Manchukuo Government Official Gazette, May 1,
23 1937. This document is introduced to show the govern-
24 ment control of industry in connection with corporations
25 and companies operating in Manchukuo. There are two

1 ordinances here. One is the one called the Law Con-
2 trolling Important Industries.

3 THE PRESIDENT: Admitted on the usual terms.

4 DEPUTY CLERK OF THE COURT: Prosecution's
5 document No. 2168, a book entitled "Manchukuo Govern-
6 ment Bulletin for May 1932" will receive exhibit
7 No. 444; and the excerpt therefrom, same number, will
8 receive exhibit No. 444-A.

9 (Whereupon, the documents above
10 referred to were marked prosecution's exhibits
11 No. 444 and 444-A, respectively, and were
12 received in evidence.)

13 MR. HAUXHURST: The introduction of this
14 document includes the whole of each of the ordinances
15 and no application was made for excerpts in this parti-
16 cular case, if the Court please.

17 I would like to read Article I of Ordinance
18 No. 66, which is the one controlling important indus-
19 tries.

20 (Reading) "A person desiring to engage in any
21 of the important industries shall obtain permission
22 therefor of the State Minister or Ministers concerned
23 in accordance with orders issued.

24 "The kinds of the important industries shall be
25 determined by Imperial Ordinance."

1 And at that point, the next ordinance which
2 I will read will show what that is.

3 "Article II. A person engaged in any of the
4 important industries shall **submit** to the State Minister
5 or Ministers concerned a written statement of his busi-
6 ness program and a report on his business for each
7 business year in accordance with orders issued."

8 Then proceeding to Article V:

9 "In any of the cases hereinunder mentioned,
10 a person engaged in any of the important industries
11 shall obtain permission of the State Minister or
12 Ministers concerned in accordance with orders issued;

13 "1. When the said person desires to enter
14 into an agreement for effecting a control or revise
15 or abolish such agreement;

16 "2. When the said person desires to enlarge
17 his equipment for production or effect a change therein;

18 "3. When the said person desires to transfer
19 to other persons the whole or part of his business;

20 "4. When a merger is to be effected, in case
21 the said person is a juridical person."

22 The purpose of this is, as I have said, to
23 show the government control over industries and com-
24 panies, and it is unnecessary to read further from that
25 particular section of the ordinance.

1 The next ordinance is 67, Ordinance 67, on
2 the bottom of page 3 of the papers that you have.

3 "Matters Concerning the Enforcement of the
4 Law Controlling Important Industries.

5 "Article I. The important industries as stipu-
6 lated in paragraph 2 of Article I of the Law Controlling
7 Important Industries shall be as follows:

8 "Arms manufacturing industry;

9 "Aircraft manufacturing industry;

10 "Motor Car manufacturing industry;

11 "Liquid fuel (mineral oils and absolute alco-
12 hol) manufacturing industry;

13 "Iron, steel, aluminum, magnesium, lead, zinc,
14 gold, silver and copper refining industry (the wet
15 process of refining gold or silver being excluded);

16 "Coal mining industry (that producing less
17 than 50,000 metric tons per annum being excluded);

18 "Woolen textile manufacturing industry (that
19 carried on by hand-loom being excluded);

20 "Cotton spinning industry;

21 "Cotton textile manufacturing industry (that
22 carried on by hand-loom being excluded);

23 "Hemp thread manufacturing industry (producing
24 more than 50 metric tons per annum);

25 "Hemp spinning and weaving industry (that

1 carried on by hand-loom being excluded);

2 "Flour milling industry (having a capacity
3 for a daily production of more than 500 sacks);

4 "Beer brewing industry;

5 "Sugar refining industry;

6 "Tobacco manufacturing industry (producing
7 more than 10,000,000 cigarettes per annum);

8 "Soda manufacturing industry (refining indus-
9 try of natural soda being excluded);

10 "Fertilizer (sulphate of ammonium, nitrate
11 of ammonium, super-phosphate of lime and calcareous
12 nitrogen) manufacturing industry;

13 "Pulp manufacturing industry;

14 "Oil milling industry (carried on by the
15 abstraction system or that equipped with more than
16 15 presses);

17 "Cement manufacturing industry;

18 "Match manufacturing industry."

19 I shall read no further because the purpose
20 of that is to show the industries that were controlled
21 by various laws.

22 THE PRESIDENT: What about the date?

23 MR. HAUXHURST: It was May 1, 1937.

24 THE PRESIDENT: Promulgated May 1, 1937.
25 That applies to both documents?

1 MR. HAUXHURST: Yes, sir.

2 The prosecution would like now to introduce
3 2332, being the "Official Report of Manchukuo Govern-
4 ment No. 866. Wednesday, February 17, 1937."

5 THE PRESIDENT: Admitted on the usual terms.

6 MR. HAUXHURST: This is a statement by the
7 Manchukuo Government in connection with the results
8 of the first five-year administration, together with
9 an outline for the next five-year administration.

10 DEPUTY CLERK OF THE COURT: Prosecution's
11 document No. 2332 will receive exhibit No. 445.

12 (Whereupon, the document above
13 referred to was marked prosecution's exhibit
14 No. 445, and was received in evidence.)

15 MR. HAUXHURST: From this document excerpts
16 were permitted.

17 I am sorry, I reversed and advanced one docu-
18 ment, I see, in my reference here.

19 THE PRESIDENT: Yes.

20 MR. HAUXHURST: The full report was printed
21 and excerpts were permitted by the order of the Court
22 on application some time ago.

23 (Reading) "The Result of the First-Period
24 Five-Year Administration and Outline of the Second-
25 Period Construction Plan.

1 "Being the reference materials to the Five-
2 Year Anniversary Lecture of the Foundation of the Em-
3 pire. (Information Department, General Affairs Board,
4 State Council.)

5 "Results of the First-Period Five-Year Admin-
6 istration.

7 "Introduction

8 "Five years have elapsed since Manchukuo
9 founded her country on March 1, 1932 by the hope of
10 thirty million people as a whole as well as the assist-
11 ance of our friendly country, Japan, getting rid of the
12 Chinese yoke; in this period the administrative and
13 economic system have been rearranged in outline and the
14 second-period Five-Year Plan will be inaugurated in
15 1937, with which epoch-making construction activity
16 will be commenced dashingy."

17 I would like then to turn to page 5, under
18 the paragraph marked H;

19 (Reading) "Encouragement of business and
20 development of natural resources." The heading.

21 "As the encouragement of business was the
22 primary object of the foundation of the new State,
23 the plan of promotion of business as well as estab-
24 lishment of economy was drawn up since the foundation
25 and the outline of establishment of economy was

1 published on March 1, 1933, the first year anniversary
2 of foundation. The fundamental policy is as follows:

3 "1. Based upon the interests of the whole
4 nation, the evil customs shall be broken down, the
5 profits brought by the development of natural resources
6 and the promotion of business not to be monopolized by
7 the people of a few classes and the co-prosperity of
8 the whole nation shall be designed.

9 "2. National control of important economic
10 department.

11 "3. As for the development of natural re-
12 sources and the promotion of business, based upon the
13 principle of equal opportunity and open door, the
14 government endeavors to get capital from all of the
15 world, to learn technology and experience of the senior
16 countries, to collect creams of culture of all kinds
17 and to take advantage of it effectively.

18 "4. Strengthening of Japan-Manchukuo bloc.
19 Those which may be controlled by the States are impor-
20 tant enterprises in the nature of national defense or
21 public benefit, transportation, communication, indus-
22 tries of iron, steel, light metal, gold, coal, oil,
23 motor car, sulphuric ammonia soda, and lumbering; other
24 enterprises in general are left to the free positive
25 management of private persons. With the view of

1 strengthening of Japan-Manchukuo economic bloc as well
2 as of developing of productive industries, Japan-
3 Manchukuo economic commission agreement was signed on
4 July 15, 1935."

5 On page 15, under the heading at the bottom of
6 the page:

7 "C. Development of Mining and Manufacturing
8 Industries.

9 "The policy in regard to these industries
10 will be designed to increase the wealth of this country
11 by enriching the people's economy and increasing the
12 national wealth through exploitation of mineral re-
13 sources, and establishment of basic industries as well
14 as those necessary for national defense.' The Govern-
15 ment is designing the plan of development according to
16 this policy.

17 "Mining Industry.

18 "The abundance of mineral resources in Man-
19 churia is well known, both at home and abroad, and the
20 useful mineral resources ascertained so far are iron,
21 coal and gold (placer). Since the advent of Manchukuo,
22 the Government recognized the importance of the exploita-
23 tion of abundant mineral resources and promulgated the
24 Mining Law (enforced on September 1, 1935) in order to
25 subject under State control or to promote the

1 exploitation from the point of view of national defense
2 or preservation of national resources in which the term
3 minerals as used in the present law was defined and the
4 control of both State and private enterprises has been
5 put into effect.

6 "By unifying the various coal mines and ration-
7 alizing production and supply of coal, efforts will be
8 made to supply the public with ample quantity of the
9 fuel at reduced prices, and also to augment its
10 export."

11 Then on page 17, under "Manufacturing Indus-
12 tries."

13 (Reading) "The undermentioned industries will
14 be developed by degrees under necessary control accord-
15 ing to domestic demands:

16 "'Metallic industry, machine manufacture, oil
17 milling, pulp industry, soda manufacture, alcohol manu-
18 facture, tusser silk industry, spinning industry, flour
19 milling, cement manufacture, brewing and distilling
20 industry.

21 "'Industries not included in the foregoing list
22 will for the time being be permitted to develop .
23 freely . . ."

24 This is for the purpose of a general outline
25 as to the next document which will be introduced which

1 will be the five-year plan which was adopted.

2 On page 20 is the last quotation that I will
3 make from that part of this plan so far as the past
4 five years are concerned. On page 20, first paragraph:

5 "The Government continued the investigation
6 about the unification of the system of weights and
7 measures since the foundation of the new State, and
8 at last in January 1934, the Weights and Measures Law,
9 in February of the same year regulations for the
10 enforcement of the same law were promulgated whose
11 date of enforcement was determined to be March 1, 1934
12 when the imperial regime was determined to be put into
13 operation. At the same time, bureau of weights and
14 measures was established."

15 Then skipping down to the third paragraph on
16 the page:

17 "'The tariff policy will be designed to promote
18 foreign trade and international transactions.'"

19 THE MONITOR: There has been a slight change
20 in the excerpts that Mr. Hauxhurst is reading and the
21 ones he marked for us, so we will have to look for them
22 and read them at the table -- which the document divi-
23 sion marked -- so we beg the Court's indulgence while
24 we look for the portions and read them.

25 THE PRESIDENT: You can straighten that out

1 during the recess.

2 We will adjourn then until half past one.

3 (Thereupon at 1200, a recess was taken.)

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1 MARSHAL OF THE COURT: The International
2 Military Tribunal for the Far East is now in session,

3 THE PRESIDENT: Mr. Hauxhurst.

4 MR. HAUXHURST: If the Tribunal please, I
5 was reading from page 20 of the English version of
6 document 2332. I would like to read the paragraph
7 which begins in the middle of page 20, "The tariff
8 policy will be designed to promote foreign trade and
9 international transactions."

10 THE PRESIDENT: You have already read that,
11 as a matter of fact.

12 MR. HAUXHURST: (Reading)

13 "As the tariff policy, when the Government
14 took over the custom houses, the tariff rates of
15 the Chinese Republic were adopted, which were
16 abound of anti-foreign color. Therefore, the
17 Government has set about making investigation to
18 revise the rates and in July, 1933, the first cus-
19 toms tariff revision was enforced. That is to
20 say, the new tariff policy was adopted to strengthen
21 the special relation between Japan and Manchoukuo,
22 with the prime object of revision of tariff rates
23 on materials necessary for the construction acti-
24 vities of Manchoukuo as well as her industrial de-
25 velopment and also necessities for the livelihood
of the people."

1 I will now turn to page 22, which is headed
2 "Outline Of The Second Period Construction Plan"
3 (Prospect Of The Second-Period Five-Year Plan).

4 "Various Conditions to meet the need of
5 positive Construction Plan

6 "Having regard to the result of past five
7 years, our country is going to undertake positively
8 the activity of positive construction and the outline
9 of the plan was announced at the conference of Pro-
10 vincial Governors and chiefs of General Affairs Board
11 held at the beginning of this year. In carrying out
12 this second period construction plan, the projected
13 success can not be expected without zealous coopera-
14 tion of the whole nation. Therefore, we shall explain
15 various conditions to meet the need of designing the
16 second-period positive construction plan and of its
17 successful prosecution surmounting all difficulties
18 and also outline the general aspects of the second-
19 period construction plan.

20 "The conditions to meet the need of drawing
21 up the second-period positive construction plan may
22 be summarized into the following two facts:-

- 23 "A. Inevitable stage of development of Manchukuo.
24 "B. Strengthening of Japan-Manchukuo economic bloc.
25

1 "A. Inevitable stage of development of Manchukuo.

2 "It is five years since the foundation of
3 our Manchukuo and during that time through the whole-
4 hearted support and cooperation of Japan, and high
5 moral character of Emperor as well as unremitting
6 efforts of the Government and people, the State has
7 succeeded in rearranging the administration and econ-
8 omy and in laying a solid foundation for their future
9 developments.

10 "As the administrative course of those five
11 years has been a fundamental activity for future
12 development, positive activities in various parts
13 such as finance, economy and industry has been con-
14 trolled till present time. In other words, the finan-
15 cial administration keeps its sound financial policy,
16 the provincial finance also keeps the same principle;
17 as for the industrial development, the Government has
18 controlled the drastic measure and endeavored to the
19 fundamental and real investigation in order to render
20 secure the life of the nation."

21 On page 23 at the bottom.

22 "B. Strengthening of Japan-Manchukuo Economic Bloc;

23 "Strengthening of Japan-Manchukuo economic
24 bloc is necessary even under the peace-time system
25 and it was gradually carried out since the foundation

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1 the transfer of present international situations and
2 the change of Far East situation, it is not suffi-
3 cient to keep the present condition, therefore the
4 government designed the second-period economic
5 construction plan to enable Manchukuo to develop
6 resources necessary for her national defense and
7 for the eventual establishment of self-sufficiency
8 of goods for consumption within the country as well
9 as to supplement the resources of Japan.

10 "General view of Construction Plan.

11 "The nucleus of this plan is the Five-Year
12 Industrial Plan which aims:

13 "A. To establish and expedite important
14 industries.

15 "B. To promote national economy.

16 "A. Firm establishment of important indust-
17 ries.

18 "For the general purpose of permanently
19 stabilizing the livelihood of the people and of
20 enhancing the relationship of co-existence and mutual
21 prosperity between Japan and Manchukuo, the funda-
22 mental prosperity of important industries must be
23 achieved. Consequently the government has designed
24 the plan of the development of natural resources
25 and the establishment of such important fundamental

1 industries as coal mining, iron mining, and coal
2 liquefaction.

3 "(1) Plan of increased production of coal.

4 "Coal, with an estimated deposit of over
5 ten billion metric tons, is one of the most important
6 mineral products of our country. In view of its
7 great value as the principal motive power in modern
8 industry for the development of productive industries,
9 the promotion of engineering industries and advance-
10 ment of culture, the plan of increased production
11 has been drawn up. That is to say, the Manchukuo
12 Government has decided to raise the capital of the
13 Manchuria Coal Mining Company to 80,000,000 M yen
14 in order to enlarge its organization and to develop
15 natural resources.

16 "(2) Plan of increased production of iron
17 and steel.

18 "Iron and steel manufacturing industry is
19 a heavy industry which makes the basis of national
20 prosperity and the stability of livelihood of the
21 nation and also a necessary industry for establish-
22 ment and construction of cities and transportation.
23 In Manchukuo, these materials have been imported
24 from foreign countries till now, so the increased
25 production plan has been drawn up for strengthening

1 Japan-Manchukuo economic bloc by making Manchukuo
2 self-sufficient in iron.

3 "(3) Establishment of Liquefaction industry
4 of coal.

5 "As Manchukuo is endowed with an almost inex-
6 haustible supply of coal, it is quite natural to direct
7 her attention to the liquefaction of coal. In view of
8 the rapidly increasing domestic demand for liquid fuel
9 and the dearth of petroleum resources in the country,
10 the plan has been drawn up for the production of
11 liquid fuel by liquefaction of coal and the coal
12 liquefaction industry is decided to be established;
13 the coal liquefaction company will be established with
14 a capital of 50,000,000 M yen which will take shape
15 within this year, for which various organizations
16 concerned are drafting.

17 "B. Promotion of National Economy.

18 "Agriculture is the backbone of Manchukuo's
19 national economy and greatest number of our nation
20 are farmers; so that it is needless to say that the
21 development of her national economy rests upon the
22 establishment of her rural economy. Consequently,
23 the Government has been exerting every possible
24 effort to rehabilitate the rural communities by
25 increasing the output of agricultural products,

1 improving their quality and farming methods, rectify-
2 ing rural finances, and reorganizing the rural social
3 structure in general."
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1 And then on page 31 at the bottom, entitled
2 "Customs tariff system."

3 "Since the taking control of maritime
4 customs, revision was made many times for the customs
5 tariff which might obstruct the industrial development
6 of Manchuria or oppress the nation's livelihood, and
7 various facilities for the advancement of foreign
8 trade have been provided, with the result the foreign
9 trade increased year by year, the settle accounts
10 of trade was getting better in recent years, revenue
11 from customs is increasing incessantly. All of these
12 facts are really the evidence of the sound develop-
13 ment of Manchukuo. Furthermore, the fundamental re-
14 vision of customs tariff system and at the same time
15 the improvement of the import-export duty system will
16 be effected with a view of encouragement of internal
17 productive industry, rational adjustment of Japan-
18 Manchukuo trade, lessening of the burden of the nation.

19 "(3) The State monopoly system.

20 "The monopoly system of Manchukuo was
21 formerly confined to opium, petroleum, and a part of
22 salt output of the nation, but since this year (1937)
23 the country's entire salt production and matches have
24 been also placed under Government monopoly, and as
25 the result of reduction of price of salt from

1 M¥ 10.16 per 100 chin (1 chin equals one-half kilo-
2 gram) to M¥ 7.95, the burden of the nation is lessened
3 as much as some 6,000,000 M yen. Hereafter the applic-
4 ation of these monopoly systems will be directed to
5 the rational adjustment of price, increase of pro-
6 duction, and smoothness of distribution which will
7 accord with the purpose of public interests and also
8 national defense as well as hasten the realization of
9 the purpose of monopoly system.

10 "(4) Money market.

11 " In accordance with the fundamental
12 policy of the second-period construction plan, in
13 order to adopt a prudential policy for the smooth
14 action of money market, the Government designed to
15 bring the organization of the new Industrial Bank of
16 Manchou into active play and to leave nothing re-
17 gretful in the industrial money market in company
18 with the monetary operation of the Central Bank of
19 Manchou".
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1 And then on page 38, last page:

2 "Based on the announced objectives, following
3 plans are drawing up: .

4 "Appointment of Japanese prefectural school
5 inspectors. To distribute them to the special ten
6 prefectures from this year. In future each one will
7 be distributed in each prefecture of the whole country.

8 "Rearrangement and promotion of teachers'
9 training system. Training of Japanese teachers and
10 business school teachers of middle schools."

11 The prosecution would now like to introduce
12 into evidence document 2542, which is the Five-Year
13 Industrial Plan of Manchoukuo."

14 THE PRESIDENT: Admitted on the usual terms.

15 CLERK OF THE COURT: Prosecution's document
16 No. 2542 will receive exhibit No. 446.

17 (Whereupon, prosecution's exhibit
18 No. 446 was received in evidence.)

19 MR. HAUXHURST: Reading from page 2:

20 (Reading) "Outline of Five Year Plan for
21 Industrial Development of Manchoukuo.

22 "(January, 1937

23 Headquarters of the
24 Kwantung Army.)

25 "by Suitsu, former Manchoukuo

Government Extra-Secretary."

If the Court please, the reason that appears there is that there was a change in the dates from "1936" to "'37," and that is certification that he made the change to "'37."

"Contents

"I. Policy \

"II. Scheme

"1. Mining and other industries

(1) Objects of development and Capital required

(2) Measures for development

"2. Agriculture and stock-farming

(1) Objects of development, and expenditure and capital required

(2) Measures for development

"3. Transportation and communications

(1) Objects of development and capital required

(2) Measure for development

"4. Table of allotment of capital required"

On page 3:

"1. Policy

"The five-year program for industrial development has been prepared according to the fundamental principle underlying the measures for economic control over Japan and Manchoukuo, and emphasis has been laid on opening up resources in the latter's territory which may be required in time of emergency. At the same time it is desired to develop various types of industries in accordance with the scheme hereunder given, in order to make Manchoukuo self-supporting and supply the material shortage of Japan as far as possible, and also to establish firmly the foundation for industrial development of that country. All these efforts are naturally directed toward accelerating expansion of the national power and stabilization of the people's living in Manchoukuo.

"1. With regard to Mining and other industries,

"a. Munition industries for weapons of warm airplanes, automobiles, and rolling-stock will be firmly established, and

"b. Basic major industries such as those of iron, liquid fuel, coal, and electric power will be developed, and emphasis will be laid especially

1 on the development of iron and liquid fuel industries,
2 which materials are necessary for national defence.

3 "2. In respect to agriculture and stock-
4 farming,

5 "a. Resorting to all means available,
6 every effort will be made to increase the produc-
7 tion of agricultural products required as military
8 stores, such as wheat, barley, oat, hemp and cotton,
9 etc.

10 "b. For the plan of increased production
11 of rice, Japanese immigrants are required to play
12 the main part, but the production will be adjusted
13 with due regard to the demand and supply of rice in
14 Japan.

15 "c. Emphasis will be laid on the improve-
16 ment and increased production of horses and sheep.

17 "3. With regard to transportation, rail-
18 ways and harbours will be provided with facilities
19 necessary for the industrial development in addition
20 to the transportation program required for national
21 defence, which has already been prepared."
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1 Then skipping the tables to page 6:

2 "II. Development Plans

3 "1. Iron and Steel Industries.

4 "With an annual output of 2,530,000 tons
5 of pig iron and of 1,850,000 tons of steel as the
6 goal production will be expanded by promoting the
7 development of the rich ore mines in Tungpien Pro-
8 vince and other areas, as well as by operating the
9 existing plants of the Showa Steel Company and the
10 Honkeiko Shotetsu Company and others, taking into
11 consideration of the supply-and-demand situation
12 in Japan.

13 "(1) The Showa and the Honkeiko Shotetsu
14 Companies will manufacture both pig iron and steel,
15 while the mills to be developed in Tungpien Province
16 and other areas will produce only pig iron for the
17 time being.

18 "As regards the exploitation of the iron
19 mines in the vicinity of Kaiyuen, the production of
20 pig iron to be substituted for scrap iron will be
21 undertaken after investigation and study.

22 "(2) The governments of Japan and Man-
23 chukuo are to take the following steps necessary for
24 the execution of the present plan.

25 "(a) To conduct immediately the

1 investigation of the iron ore resources
2 in Tungpian Province and other areas, and
3 to take appropriate measures on the basis
4 of actual conditions vis-a-vis the Showa
5 Steel Company, such as revision of its
6 production quota.

7 "(b) To increase the production
8 of the Honkeiko PENCHIHU coal mines owned
9 by the Honkeiko Coal and Iron Company to
10 roughly to 800,000 tons per year, which is
11 to be distributed to the various iron mills
12 throughout Manchukuo to be used by mixing
13 with coke for iron manufacture.

14 "Also, to take an appropriate
15 measure with regard to the mining of the
16 coke coal at Tientsuku and elsewhere.

17 "(c) To provide proper governmental
18 assistance in order to ensure the realization
19 of the Japan Iron and Steel Plan under which
20 630,000 tons of pig iron and 400,000 tons of
21 steel (half of it, in manufactured articles)
22 are to be supplied to Japan, and the surplus
23 to be exported abroad.

24 "In case the proposed expansion of
25 iron and steel mills should necessitate

1 curtailment of operation, appropriate measures
2 are to be taken with regard to the ratio of
3 operation curtailment between Japan and Man-
4 chukuo.

5 "2. Liquid Fuel.

6 "The annual production goal of liquid
7 fuels will be 800,000 for shale oil with Fushun
8 and Sanhsing as production centers, and 800,000
9 tons for liquified oils to be produced at Fushun,
10 Kanto, and Suping kai, and other places. For the
11 time the various methods -- direct liquifying,
12 gas synthesis, low-temperature carbonization,
13 will be promoted independently of one another,
14 but a comprehensive overall operation plan will
15 be worked out gradually.

16 "(1) The plan for production increase for
17 shale oil at Fushun will be carried out, and the
18 output will be further expanded to 500,000 tons
19 a year. At Sanhsing the actual condition of the
20 mine will be ascertained, and it will be rapidly
21 developed so as to bring its annual output up to
22 300,000 tons after 5 years.

23 "(2) As to liquified coal, the realization
24 of the present production plan at Fushun will be
25 followed with a further expansion to 250,000

1 tons a year. The production plans for 300,000
2 tons at Kanto will be speedily realized. Besides,
3 the production capacity of the Supingkai Carbon-
4 ization Company which uses Suan coal will be
5 increased to 100,000 tons a year."
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1 I will now skip to 3:

2 "3. Coal.

3 "The Manchuria Railway Co., and the Manchuria
4 Coal Mining Co. will be ordered to carry out their
5 production plans already fixed, and at the same
6 time, with the Manchuria Coal Mining Co. as the
7 principal, all coal mining companies will be made to
8 formulate and carry out a further production expan-
9 sion plan for 5,500,000 tons, so that the annual out-
10 put throughout Manchuria will reach 25,500,000 tons
11 a year.

12 "4. Electric Power Industry.

13 "With the view of meeting the demands of
14 the general public for electric light and power and
15 of special industries five years from now, a total
16 power plant equipment for 1,405,000 kilowatt will be
17 installed. In other words, in addition to the exist-
18 ing coal power generating equipment for 459,000 kilo-
19 watt, new equipment for 956,000 kilowatt will be in-
20 stalled. It is planned to rely upon hydraulic power
21 for the new equipment, but pending the completion of
22 the hydraulic power plants, additional coal-power
23 stations will be constructed to serve the immediate
24 needs and to be held as reserve equipment in the
25 future. Accordingly, the equipment to be installed.

1 newly will consist of hydraulic power installations
2 for 950,000 kilowatt and coal-power installations for
3 356,000 kilowatt.

4 "5. Rolling Stock.

5 "The current plan for repair capacity
6 (including construction capacity) for 1,414 locomotives,
7 1,770 passenger cars, 12,750 freight cars, to be at-
8 tained by the existing plants of the Manchuria Rail-
9 way Co. and other concerns will be fully executed in
10 order to be prepared for any emergency. Meanwhile,
11 in order to render possible a smooth exertion of the
12 5 year Industrial Development Plan, the necessary
13 plants will be constructed, which possessing the
14 construction capacity for 25 locomotives and 350
15 freight cars and the repair capacity corresponding
16 thereto.

17 "6. Aluminum.

18 "With the Manchuria Light Metals Co. as the
19 principal producer, the equipment for the production
20 of 4,000 tons will be completed as planned, after
21 which further expansions will be effected so to bring
22 up the total annual output to 20,000 tons.

23 "(1) With regard to the 16,000 tons under
24 the production expansion plan, it may be perhaps
25 advantageous from the stand-point of the question of

1 the supplying of electric power, to confine the
2 Fushu plant to the manufacture of alumina, and
3 transport the same to other localities for the manu-
4 facture of aluminum.

5 "(2) The Japanese government in connection
6 with the execution of the above plan and the direct
7 importation of the product to Japan is to take
8 appropriate steps with regard to tariff or execution
9 of the customs duty.

10 "7. Magnesium.

11 "The goal set for annual production of
12 Magnesium is to be some 2,000 tons in the future.
13 But for the present, only semi-industrial experiments
14 will be conducted, and on the basis of their results
15 an appropriate policy will be formulated.

16 "The experimental enterprise, which is
17 planned to have a capacity for producing some 200
18 tons, will be affiliated with the Manchuria Light
19 Metals Co.

20 "10. Gold.

21 "The present gold production amounting to
22 10 million yen will be stepped up to 200 million yen
23 for five years' total.
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1 "The government will for this purpose grant subsidies
2 or take other appropriate measures.
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On the next page - 9:

"13. Motor Vehicles.

"Busses and trucks will be divided into two main categories of the large size (5 ton class) or the medium type for medium distance transportation and the ordinary type (3 ton class) for short hauls. The existing Dowa Automobile Co. will be fundamentally reorganized as an independent concern and it will be affiliated with two of the representative concerns in Japan engaged in the manufacture of medium and ordinary types of automobiles, and it will be built up gradually into a full-fledged automotive concern in parallel with the development of machine industries in general throughout Manchukuo.

"14. Ordnance (including tanks)

"The existing equipment will be expanded with the view of maintaining and replenishing the amount of ordnance (including tanks), possessed by the army in Manchukuo, in times of emergency. The appropriation for the equipment is to be around 100,000,000 yen.

"The major portion of the above cost will be borne by the Japanese Government. Special consideration will be given to such matters of the amount to be ordered in peace time.

1 "15. Aircraft.

2 "An independent company will be established,
3 possessing a capacity for constructing 28 planes a
4 month and repairing 20 a month. The company will be
5 expanded along with the development of the general
6 industrial power.

7 "Foreign techniques may be adopted by the
8 company, if necessary."

9 I would like now to turn to the table on
10 page 17, which is a "Recapitulation of Assignment
11 of Funds Required." This table shows that the
12 amount of funds required for carrying out this plan
13 was 2,578,675,000 yen, the figures in the table on
14 the basis of 1,000 yen. It shows that the Manchurian
15 Government was to invest a total of 545,644,000 yen
16 and that the South Manchurian Railway was to invest
17 947,970,000 yen; that they expected to get from
18 private investment and loans, 376,669,000 yen, with
19 a total of 2,578,675,000 yen.

20 On page 30 following the tables is Part II,
21 "Outline of Revised Plan for Mining and Manufacturing
22 Industry, under Five-Year Industrial Development
23 Plan." This is dated May, 1938, and is shown:

24 "Government of Manchuria.

25 "General Principle.

1 "Since 1937 the Five-Year Industrial
2 Development Plan has been established and the
3 planned development in the respective fields of
4 industry has been in progress. In the light of the
5 results of the first year and also of the develop-
6 ment of international situation, it has been found
7 necessary to re-examine the original plan and, in
8 particular, to make upward revision in the objective
9 of production of mining and manufacturing industry
10 as shown in the enclosure. To the revised plan,
11 new items have been added; still closer ties between
12 Japan and Manchuria have been aimed at; and the supply
13 of funds, technique, materials, etc. has been minutely
14 studied. Thus it is hoped that the execution of the
15 plan will be ensured.

16 "1. Iron and Steel.

17 (1) Outline.

18 "1. To meet the increased demand for iron and steel
19 in Japan and to cope with the progress of construc-
20 tion work in Manchuria, the development of the
21 resources will be expedited and the scale of respec-
22 tive corporations will be enlarged.

23 "2. The objective of the equipment capacity in the
24 fifth year has been revised as follows: (in 1,000
25 metric tons)

1	"1. Pig iron (including 500,000 metric	
2	tons substitute bloom)	4,850
3	"2. Steel ingots	3,550
4	"3. Ordinary rolled steel	1,700
5	"4. Special steel and wrought	
6	and cast steel articles	100
7	"5. Iron ores required	
8	Higher grade	2,990
9	Lower grade	13,000."

10 And on page 31, the fourth -- middle
11 paragraph:

12 "4. The objective of supplying Japan with
13 iron and steel materials to be achieved when the
14 plan will be completed is set at the following
15 figures. (in 1,000 metric tons)

16	"1. Pig iron (including pig iron	
17	containing low percentage	
18	of phosphorous amounting to	
19	240,000 metric tons)	1,500
20	"2. Steel strips	1,125

21 "In addition to the above, export of some
22 400,000 metric tons of steel materials to third
23 countries including China is estimated."

24 And then, if you please, page 33:

25 "2. Coal.

1 "(1) Outline.

2 "1. To correspond with the progress of develop-
3 ment of various enterprises such as steel-manufacture,
4 liquefaction of coal, exploitation of electric re-
5 sources, etc. and also to secure the supply to be sent
6 to Japan, the development of the coal-mines will be
7 expedited, in consideration of the quality and quan-
8 tity of coal deposits at the respective mines, thereby
9 taking the convenience of transportation and other
10 facilities into full account.

11 "2. The output of some 35 million metric tons
12 is aimed at, advancing the objective in the fifth
13 year as follows (in 1,000 metric tons):

14 "Manchuria Coal Co. (15,000)	18,050
15 "S.M.R. (10,660)	10,360
16 "Penhsihu (1,500)	2,700
17 "Others -	3,800"

18 Then to "3. The program of supply to Japan
19 by fiscal year is as follows (in 1000 metric tons):

20 1938 4,100" --

21 And then to page 44, the last four paragraphs:

22 "Gold,

23 "1. Program.

24 "(1) In order to fill the requirements of the
25 latest situation, an increased production of gold will

1 positively be attempted. With regard to alluvial
2 gold, efforts will generally be made to accelerate
3 production of the amount required under the original
4 program while an endeavour will also be made system-
5 atically to effect an increased production of mineral-
6 ized gold."

1 On page 46 under the title of "Airplanes."

2 "1. Program.

3 "(1) With regard to machine tools, efforts
4 will be made to extend the producing capacity in
5 order to bring the annual production to the 5,000
6 mark.

7 "Lathes 3,200

8 "Planes 100

9 "Drilling machines 300

10 "Shaping machines 100

11 "Sharpening machines 900

12 "Grinding machines and others 400

13 "Total 5,000,000."

14 THE PRESIDENT: Is that in millions? That
15 cannot be.

16 MR. HAUXHURST: No, 5,000. Excuse me.

17 "Note. When the value of the above machines
18 are shown, calculation will be made according
19 to the schedule prices same as those adopted in
20 Japan.

21 "(2) In respect to automobiles, the exist-
22 ing equipment of the Dowa Automobile Manufacturing
23 Company will be adjusted in the first place, and
24 further efforts will be made to establish firmly
25 automobile producing industry so as to make the

1 annual production reach the 50,000 mark. Under the
2 present circumstances, however, completion of the
3 equipment capable of producing about 30,000 auto-
4 mobiles will be aimed at, and efforts will be made
5 to accelerate commercialization of this undertaking.

6 "(3) With regard to airplanes, dispersion
7 and extension of the Manchuria Aircraft Manufacturing
8 Works will be attempted and efforts will be made
9 to place this industry on solid foundations with
10 the view to making the annual production reaching
11 approximately the 5,000 mark.

12 "(4) In order to build on an adequate
13 basis enterprises for manufacturing automobiles and
14 airplanes, measures for inviting investments and
15 technical assistance by third nations will be consider-
16 ed.

17 "(5) Rough estimate of capital required
18 in and after the 2nd year is: ¥ 595,000,000."

19 On page 47 under item XIII, program for
20 Electric Power.

21 "(1) In order to spread the use of electric
22 lights and also to encourage the floating of various
23 types of industries, the equipment for electric
24 transmission and transformation will be extended."

25 I do not think I will read the rest of that

1 paragraph. Turning to page 54:

2 "Gist of the Revised Plan for Financing
3 the Five Year Industrial Development of Manchuria.

4 "Government of Manchoukuo

5 "May 1938

6 "I. Funds Required -- "

7 Down at the bottom of the page -- Table II:

8 "Estimated Disbursements from the Required
9 Funds according to Countries in which Payments are
10 made" -- I am sorry. If you please, I would like to
11 go back to Table I at the top of the page:

12 "I. Funds Required (as from the Second Year)."
13 This shows the mining and manufacturing industries
14 and the whole plan: The original plan - ¥ 1,500,000,000,
15 the whole plan - ¥ 2,582,500,000; the revised plan in-
16 creased to, as you see in the next line, ¥ 4,962,800,000,
17 an increase of ¥ 2,380,300,000.
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At the top of page 55: (Reading)

" As shown in the above table, out of the total required funds of about 4,960,000,000 yen, 43% is disbursed within the country, 30% in Japan and 27% in third Powers, which amounts to about 1,350,000,000 yen, an increase of about 850,000,000 yen over the estimated disbursements in third Powers according to the original plan, which amounted to about 500,000,000 yen.

"III. Plan for Raising Funds.

"(a) Funds to be raised in the Japanese Yen ---- see Table No. 2

"The funds in the Japanese Yen accruing to Manchuria from the exportation to Japan of materials produced according to the Five Year Plan are deducted from the total of the payments to be made directly or indirectly in Japan; the remainder should be the amount to be raised in Japan, namely:

"Mining & Manufacturing

industries: approximately ¥1,690,000,000

Others: " . 620,000,000

Total: ¥2,210,000,000

"Funds to be raised in Foreign Currencies."

---Under paragraph (b).

"Disbursements to be made in Third Powers

1 out of the required funds amount, as shown above,
2 to about 1,350,000,000 Yen, against which the funds
3 that can be raised by Manchoukuo amounts to about
4 610,000,000 Yen, comprising the estimated foreign
5 exchange fund obtainable in accordance with the
6 Japan-Manchoukuo Exchange Agreement, an increase
7 of foreign exchange fund due to the improvement of
8 foreign trade in future and the new production of
9 gold; hence there is a deficit of 740,000,000 Yen,
10 which amount should be raised according to IV. Plan
11 for Foreign Exchange."

12 On page 59.

13 "Plan III

14 This is the "Outline of the Policy for
15 the Second and the Following Years of the Five Year
16 Industrial Development Plan - May 1938 Manchoukuo
17 Govt.

18 "I.- Guiding Principle

19 "In view of the actual results attained
20 during the first year of the Five Year Industrial
21 Plan, the shortcomings of the plan will be corrected;
22 the whole plan will be re-examined to cope with the
23 existing international situation as well as the
24 actual condition of Japan and Manchukuo; substan-
25 tial changes will be introduced in the ultimate and

1 the annual objectives; taking Japan and Manchukuo as
2 one organic whole, close interconnection between
3 each sphere of the plan will be maintained; and all
4 the requirements for production will be satisfied so
5 that the execution of the plan may be ensured.

6 "II.- Measures

7 "1. Objective of Production

8 "(1) In Order to meet the current inter-
9 national situation and also the demand for increased
10 productive power of Japan and Manchukuo, taken as one
11 whole, and that of North China, the objective of pro-
12 duction will be raised thereby taking the natural
13 resources of Manchukuo and other factors into consider-
14 ation.

15 "(2) As the study and investigation of the
16 natural resources, supply and demand and other factors
17 make progress after the plan was made, the allocation
18 of the projected production for each year will be
19 re-examined so as to make the plan well-balanced
20 and practicable.

21 "(3) Following the policy for the general
22 development of various resources, important additions
23 of the mining of zinc and coppers and the manufacture
24 of chemical fertilizers will be made to the items
25 of the programme made."

1 "(4) In view of complexity of conditions
2 and far-reaching effects, agricultural and stock
3 raising industry will be treated separately from
4 mining and manufacturing and other spheres of in-
5 dustries in which the increased production depends
6 more upon human ingenuity, taking into consideration
7 the actual state of farm economy and for the purpose
8 of promoting the welfare of the farmers, the methods of
9 agriculture and animal husbandry will be re-examined;
10 and possible changes will be made so as to avoid placing
11 undue emphasis upon such crops as may be in special de-
12 mand only.

13 "2. Enterprising Organizations.

14 "In order to increase efficiency of the coor-
15 dinated and well-balanced activities of the organi-
16 zations engaged in production, the following will be
17 taken into consideration:

18 "(1) The results in the business operation
19 of the Manchuria Heavy Industry Development Company
20 will be utilized in the execution of the Five Year Plan;
21 to insure this, the executive officers of the said
22 Company will actively participate in the planning as
23 well as in the execution, so that the Management of the
24 Company will be properly operated.

25 "(2) Allotment of the projected increase

1 of production and of the equipment and facilities
2 necessitated under the Five Year Plan will be made
3 to each company, and the scopes of responsibility
4 of each company on the one hand, and that of the gov-
5 ernment on the other, will be clarified based upon
6 a concrete programme for the execution of the plan.

7 "(3) In the execution of the plan, each
8 company is to follow the government policy, and aim-
9 ing at the independence of the enterprise to rationa-
10 lize and solidify the business, to be fully prepared
11 for the management on a business basis; and not to
12 convert itself into a mere munition factory, misled
13 by the prevailing state of affairs but to establish
14 business on a permanent basis.

15 "(4) Along with the guidance of the con-
16 trolled industries, free enterprises in general will
17 be properly directed and encouraged; small factories
18 engaged in the works connected with heavy industry
19 will be developed as a part of the organic whole and
20 will be induced to take part in the execution of the
21 whole plan, if necessary; and the activities of the
22 light industry will be coordinated to make them con-
23 tribute to the sound and well-balanced industrial
24 development.

25 "(5) To maintain close cooperation between

1 of production and of the equipment and facilities
2 necessitated under the Five Year Plan will be made
3 to each company, and the scopes of responsibility
4 of each company on the one hand, and that of the gov-
5 ernment on the other, will be clarified based upon
6 a concrete programme for the execution of the plan.

7 "(3) In the execution of the plan, each
8 company is to follow the government policy, and aim-
9 ing at the independence of the enterprise to rationa-
10 lize and solidify the business, to be fully prepared
11 for the management on a business basis; and not to
12 convert itself into a mere munition factory, misled
13 by the prevailing state of affairs but to establish
14 business on a permanent basis.

15 "(4) Along with the guidance of the con-
16 trolled industries, free enterprises in general will
17 be properly directed and encouraged; small factories
18 engaged in the works connected with heavy industry
19 will be developed as a part of the organic whole and
20 will be induced to take part in the execution of the
21 whole plan, if necessary; and the activities of the
22 light industry will be coordinated to make them con-
23 tribute to the sound and well-balanced industrial
24 development.

25 "(5) To maintain close cooperation between

1 companies engaged in various lines of production in
2 the execution of the plan, regular joint conferences
3 of the delegates from certain companies will be con-
4 vened and other necessary measures will be taken."
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1 "3. Labour and Technique

2 "(1) Technical men.

3 "Dependence upon Japan for the supply of
4 technicians and skilled labour will be re-examined,
5 and the institutions for the training of skilled
6 labourers will be developed in Manchukuo, especially
7 for the training of Manchurians, and a more concrete
8 programme will be established for the procurement,
9 training and distribution of skilled labourers for
10 each kind of industry, for each year, by race, and
11 with respect to sources.

12 "(2) The entire industrial development
13 plan will be re-examined not only from political
14 considerations but from a technical point of view.
15 The research work done by the Continental Scientific
16 Board, the Geological Survey Institute and other
17 laboratories, research institutes or technological
18 organizations will be encouraged".

19 I would like now to pass down to 4:

20 "4. Natural Resources, and Machinery and other
21 appliances needed for Production.

22 "(1) In order to expedite the development
23 of natural resources, systematic survey will be made,
24 the mining administration will be simplified to in-
25 crease efficiency; adjustment of organizations con-

1 cerned will be carried out and in particular the
2 function of the Manchuria Mining Development Company.

3 "(2) Necessary steps will be taken in
4 Japan and Manchukuo to give priority to the acquisi-
5 tion of the equipment, machinery and raw materials
6 needed for the execution of the Five Year Plan and the
7 placing of orders will be controlled, if necessary.

8 "(3) Special arrangement will be made for
9 the acquisition of machine tools and for their
10 equitable distribution among different companies.

11 "5. Funds

12 "(1) In anticipation of the possible rise
13 in prices, the probable speed of circulation of funds,
14 the amount required will be re-examined so that the
15 programme may be established on as concrete an out-
16 look as possible".

17 And then on page 62 under 7:

18 "7. Government Organization in charge of
19 the Execution of the Plan

20 "(1) Economic Planning Commission (ten-
21 tatively called) will be organized to take charge of
22 the readjustment and coordination of commercial and
23 economic administration belonging to the various
24 government organizations, to insure the collaboration
25 between the government authorities and private firms

1 and to deliberate on the plan and measures for the
2 execution of the Five Year Plan".

3 And then to 3:

4 "(3) The Five Year Plan will be examined
5 with respect to each region or district so that
6 well-proportioned accomplishment and the cooperation
7 between the central and local organizations may be
8 insured".
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1 MR. HAUXHURST: The prosecution desires
2 now to introduce an excerpt from the Japan Year
3 Book, 1941-1942 which is now in the Court as
4 Exhibit No. 276, and authority was given to use
5 this excerpt under the application for that from
6 page 938.

7 THE PRESIDENT: The whole of the Japan
8 Year Book is not in evidence though. You will
9 have to tender this.

10 MR. HAUXHURST: I ask to have the exhibit
11 276-B.

12 THE PRESIDENT: 276-B, is it?

13 MR. HAUXHURST: Yes, sir.

14 THE PRESIDENT: Admitted on the usual terms.

15 CLERK OF THE COURT: Prosecution's document
16 No. 1756-C will receive exhibit No. 447.

17 (Whereupon, prosecution's exhibit
18 No. 447 was received in evidence.)

19 MR. HAUXHURST: This item is headed:

20 "Industrial Development Plan. The five-year
21 industrial development plan has been carried out last
22 four years and it is to end in 1941. A new five-year
23 expansion plan is under contemplation among competent
24 authorities.

25 "Results of the Fourth Year. In the execution

1 of the five-year plan in 1940 the responsible author-
2 ities met with various difficulties arising out of
3 the complicated international situation of the
4 country. The results reaped in the fourth year,
5 however, were much better than in the preceding year.
6 The reports of the Planning Bureau on the practical
7 results compared with the preceding year or the fixed
8 goal for the year follow:

9 "(1) Iron and Mining Industries. Taking the
10 production in 1939 as 100 the output of pig iron,
11 104, steel ingot 102, steel 110, coal 108, liquid
12 fuel 100.

13 "(2) Other minerals. Lead 308, zinc 213, copper
14 196, light metals 200, asbestos 107.

15 "(3) Electricity. Electric industries have
16 attained the goal fixed for the year under the five-
17 year program.

18 "(4) Agriculture. Taking the fixed amount for
19 the year under the five-year program as 100, the
20 crop of kaoliang, 104, whitened rice 127, barley 122,
21 wheat 75, rice 116, hemp 100, beat 90, cotton 70, oil
22 materials and soya beans 80, groundnuts 50.

23 "(5) Colonization. Compared with the goal fixed
24 for the year (100), Japanese immigrants 85, Chosenese
25 immigrants 65, volunteers 80. The number of farming

1 households for cultivating new lands since the
2 beginning of the colonization plan reached 30,000 of
3 such households from Japan, 24,000 from Chosen, 20,000
4 of the country men, 40,000 of volunteers, and 20,000
5 of seasonal volunteers.

6 "(6) Live-stock. Sheep 100, cattle 80, pigs 90.

7 "(7) Accumulation of Capital. In spite of the
8 unfavorable conditions in the money markets in and
9 out of the country the necessary amount of capital
10 for the expansion of industries has been successfully
11 obtained, 55 per cent of which coming from Japan.

12 "(8) Communications. Facilities for transpor-
13 tation and communications have been improved and en-
14 larged as planned overcoming many difficulties."
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1 MR. HAUXHURST: At this time, if the Court
2 please, I would like to introduce prosecution's doc-
3 ument No. 2599, in connection also with document
4 1505d. The reason for doing that is that this next
5 item is a number of the Tokyo Gazette. One number
6 of the Tokyo Gazette was introduced into evidence as
7 document 266. In view of the fact that the Tokyo
8 Gazette was started in July 1937 and was published
9 monthly through March 1942, and there are twelve
10 separate issues in each year, there would be thirty-
11 nine monthly issues which would have to be certified
12 and authenticated as they were introduced. Having
13 this in mind, and thinking that it might be helpful
14 to the Court to have them all authenticated and
15 certified, if possible, I prepared this document
16 2599 showing the source of the magazines by Mr. Danly
17 as having come from the Japanese Institution of
18 Foreign Affairs. I also have a certificate from the
19 Secretary of the Cabinet, Mr. TAKAHASHI certifying
20 that these magazines were issued under Governmental
21 supervision. I also have a certificate from Mr. KAKEHI
22 who supervised the production -- the publication of
23 the document and shows that it was under the super-
24 vision of the government agencies: From July to August
25 1937, the Commission of Information; from September

1 1937 to July 1939, the Bureau of Information, Prime
2 Minister's Department; August 1939 to December 1940,
3 Cabinet Information Bureau; and from January 1941
4 to and including March 1942, the last number, the
5 Board of Information.

6 THE MONITOR: Mr. Hauxhurst, what page was
7 that on?

8 MR. HAUXHURST: Beg your pardon.

9 THE MONITOR: What page was that on you
10 just read?

11 MR. HAUXHURST: That was on Mr. KAKEHI's
12 first page of his affidavit, and it is in the last
13 part of the first paragraph.

14 THE PRESIDENT: Those three certificates
15 are admitted on the usual terms.

16 CLERK OF THE COURT: Prosecution's document
17 No. 2599 will receive exhibit No. 448.

18 (Whereupon, prosecution's exhibit
19 No. 448 was received in evidence.)

20 MR. HAUXHURST: On behalf of the prosecution
21 I would then like to introduce document 1505d, being
22 an article that appeared in the Tokyo Gazette,
23 No. 24, for June 1939, pages 1 to 6 inclusive, en-
24 titled "PROGRESS OF ECONOMIC CONSTRUCTION IN MANCHOUKUO."
25

THE PRESIDENT: Admitted as before.

1 CLERK OF THE COURT: Prosecution's document
2 1505d will receive exhibit No. 449.

3 (Whereupon, prosecution's exhibit
4 No. 449 was received in evidence.)

5 MR. HAUXHURST (Reading):

6 "Progress in planning for the comprehensive
7 expansion of productive power throughout Japan, Man-
8 choukuo and North China was publicly and fully ex-
9 plained by the Government at the last session of the
10 Diet. The essence of the plan is to ensure raw-
11 material resources for the designated 15 industries
12 of iron and steel, coal, light metals, non-ferrous
13 metals, liquid fuel, soda and industrial salt,
14 sulphate of ammonia, pulp, gold, wool, machine tools,
15 railway vehicles, shipping, automobiles, and electric
16 power. Failing this basic step, even the successful
17 expansion of the equipment for production would not
18 mean much in time of emergency. Fortunately,
19 Manchoukuo possesses abundant resources for all of these
20 industries; herein lies the fact that the plan for the
21 expansion of productive power in Manchoukuo forms
22 a most important part in the comprehensive programme
23 centring around Japan. In the following pages is
24 explained in outline the actual state of progress in
25 the more important of those industries, progress which

1 has been made in accordance with the five-year plan,
2 beginning with 1937."

3 Then is taken up separately, iron, steel,
4 coal, electric power, light metal, liquid fuel,
5 and other industries with the result which have
6 been somewhat outlined in the last exhibit entitled
7 "The Five-Year Plan."

8 I would like to next introduce on behalf
9 of the prosecution its document No. 1584D, the
10 Tokyo Gazette, Volume V, No. 5, November 1941,
11 pages 230 to 235, entitled "TEN YEARS OF THE NEW
12 STATE."

13 THE PRESIDENT: Admitted as before.

14 CLERK OF THE COURT: Prosecution's docu-
15 ment No. 1584D will receive exhibit No. 450.

16 (Whereupon, prosecution's exhibit
17 No. 450 was received in evidence.)

18 MR. HAUXHURST: This is by the Board of
19 Information. I would like to begin with the second
20 paragraph on the first page.

21 "Iron, coal, oil and electric power may
22 be taken as the four essentials of modern civiliza-
23 tion. Japan, leader of the co-prosperity sphere,
24 suffers from lack of at least two of these essen-
25 tials, iron and coal, and here Manchoukuo is able

1 to make up these deficiencies. In addition to her
2 vast agricultural potentialities, Manchoukuo has
3 abundant deposits of iron, coal and many non-ferrous
4 metals as well as a rich supply of electric power.
5 Indeed, so favourably does she compare with the rest
6 of the world in the matter of natural resources,
7 with the single exception, perhaps, of oil, that
8 Manchoukuo may well be called the second America.

9 "Four years ago, with the object of tap-
10 ping all available natural resources, Manchoukuo
11 launched upon a 5-year plan of industrial develop-
12 ment, a plan which is proving highly satisfactory,
13 especially in the production of light metals, which
14 increased in 1940 by from 50 to 100 per cent as
15 compared with the preceding year. At the same time,
16 projects are now well under way for an industrial
17 and cultural development of the border districts."
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1 MR. HAUXHURST (Continuing): I would like
2 then to turn to the top of page 2.

3 THE PRESIDENT: Yes.

4 MR. HAUXHURST (Reading): "Manchoukuo is also
5 blessed with conditions favourable to agriculture;
6 and farm produce, with soya beans as the chief crop,
7 is an important economic factor."

8 Then skipping to the last sentence in that
9 paragraph.

10 "The new State certainly bids fair to play
11 the role of East Asia's granary with a vast system
12 of foodstuff distribution centred in this country,
13 and before long we shall see the day when it can be
14 said that when the crops are good in Manchoukuo the
15 whole of East Asia will be well fed.

16 "With regard to electric power, Manchoukuo,
17 had hitherto depended totally on the thermal genera-
18 tion system; but with the completion of the Suifeng-
19 tung Dam on the Yalu River, hydraulic generation was
20 started on August 1, 1941. And sometime in 1942 the
21 Fengman Dam on the Sungari River is due for completion
22 so that hydro-electric power will then be available
23 in that part of Manchoukuo. The reservoirs for these
24 two dams are both as large as Lake Biwa, the largest
25 lake in Japan, and the volume of power generated at

1 these two places will correspond to about onehalf
2 of the entire hydro-electric power supply in Japan
3 proper. The topography and the river system in
4 Manchoukuo are such that many more power stations
5 on a large scale may be constructed at various
6 points in the country; the resources for hydro-
7 electric power in Manchoukuo may possibly prove
8 to be the largest in the world. With such an abund-
9 ant supply of electric power, Manchoukuo has every
10 prospect of enjoying an electrical civilization.
11 The natural resources of Manchoukuo, then, are all
12 but inexhaustible and promise a bright future for
13 the new State, although there still remains much
14 room for investigation and research as to the cap-
15 ital, materials, technique and labour to be employed
16 in developing these resources. Hitherto, Manchoukuo
17 has relied almost entirely upon North China for her
18 labour supply and an influx of labour from that part
19 of China still continues to a considerable extent.

20 "The proportion of the amount of capital
21 for production raised within the country increases
22 year by year, and, if one remembers that at the time
23 of the founding of the new State every bit of necessary
24 capital had to be furnished from the outside, the
25 growth of Manchoukuo's national strength truly

1 deserves admiration. The domestic supply of pro-
2 ducers' goods is also improving apace with the
3 industrial development of the country. Thus Man-
4 choukuo certainly has good prospects of being able
5 to supply her own requirements of machine tools
6 and other equipment.

7 "In addition to labour, capital and materials,
8 industrial development requires leadership and
9 technical knowledge. In view of the supreme
10 importance of Japanese measure of capacity
11 equivalent to 4,9629 bushels.

12 Of these latter factors, Manchoukuo is now hard
13 bent upon shaping the educational system in such
14 a way as to give the training necessary for such
15 requirements."
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1 MR. HAUXHURST: And then the first part of
2 the table that follows the next sentence.

3 "The following figures will eloquently tell
4 the story of the growth of national life in social,
5 cultural and other phases:"

6 There is a comparison between 1941 and 1932
7 showing that the national budget in 1932 was ¥110,000,000
8 as against a budget of ¥2,500,000,000 in 1941; that
9 the tax revenue was ¥99,000,000 as against ¥377,000,000;
10 customs revenue was ¥52,350,000 in 1932 as against
11 ¥172,000,000 in 1941; investments by Japan were
12 ¥1,750,000,000 in 1932 and then in 1941 they had
13 increased to ¥6,000,000,000.

14 THE PRESIDENT: Need you read any more except,
15 say, bank deposits?

16 MR. LAUXHURST: I would read that. The bank
17 deposits increased from ¥271,000,000 to ¥1,710,000,000.

18 THE PRESIDENT: This is a convenient break.
19 We will adjourn now until half-past nine on Monday
20 next.

21 (Whereupon, at 1500, an adjournment
22 was taken until Monday, 9 September 1946, at
23 0930.)
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